

WEBVTT

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00:00:00.000 --> 00:00:08.400

Joe Pellegrino: first meeting of the year Happy New Year to everyone, I don't think i've seen anyone since last year um we have.

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00:00:09.420 --> 00:00:20.250

Joe Pellegrino: Our quarterly review with neuberger Berman today that's probably the biggest thing some old business retirements and pretty straightforward session ahead of us.

3

00:00:21.540 --> 00:00:31.590

Joe Pellegrino: With that i'll start with the special meeting minutes from November 23 up any discussion on those minutes.

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00:00:33.870 --> 00:00:35.850

Joe Pellegrino: Hearing none if it's moved.

5

00:00:37.500 --> 00:00:38.040

Mike Wacek: Some of moved.

6

00:00:38.400 --> 00:00:39.300

Joe Pellegrino: Thank you, second.

7

00:00:42.990 --> 00:00:43.380

Kevin Coyner: Second.

8

00:00:43.650 --> 00:00:45.840

Joe Pellegrino: Thank you all in favor.

9

00:00:45.900 --> 00:00:46.620

Mike Wacek: Aye.

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00:00:47.040 --> 00:00:52.950

Joe Pellegrino: Aye okay unanimous Thank you now we move to the regular meeting minutes from December 10.

11

00:00:54.540 --> 00:00:55.290

Joe Pellegrino: discussion.

12

00:00:56.610 --> 00:00:59.730

Joe Pellegrino: Okay hearing not move, please.

13

00:01:00.240 --> 00:01:01.350

Kevin Coyner: move that they'd be adopted.

14

00:01:01.710 --> 00:01:02.370

Peter Mynarski: Thanks everyone.

15

00:01:03.000 --> 00:01:05.670

Joe Pellegrino: Thank you, Peter all in favor Aye.

16

00:01:06.240 --> 00:01:18.180

Joe Pellegrino: Aye That brings us to investment performance so i'm going to turn it over to neuberger Berman they're going to discuss performance attribution reporting.

17

00:01:18.450 --> 00:01:27.030

Joe Pellegrino: positioning and then a brief update on the private markets Eric i'm Andrew i'm.

18

00:01:27.990 --> 00:01:32.580

Joe Pellegrino: Mike whoever wants to take the lead, usually Mike you do an introduction.

19

00:01:33.120 --> 00:01:40.140

Savinelli, Michael: And handed or okay happy to can everyone see the screen i'm sharing with the presentation, yes.

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00:01:41.220 --> 00:01:46.380

Savinelli, Michael: Great good to see everyone did oh Happy New Year to everyone.

21

00:01:47.460 --> 00:01:56.850

Savinelli, Michael: we're excited to give this presentation we think it's a informative review Joe mentioned the three topics that will be focused on.

22

00:01:57.270 --> 00:02:06.780

Savinelli, Michael: For the agenda on page for a deep dive into the performance review it's important in the context of the new strategic asset allocation model, the regime based.

23

00:02:07.080 --> 00:02:14.100

Savinelli, Michael: model we can spend as much or as little time on market outlook and positioning portfolio positioning we think it's.

24

00:02:14.610 --> 00:02:18.510

Savinelli, Michael: it's important to spend time on the tactical positioning for the portfolio.

25

00:02:19.350 --> 00:02:29.700

Savinelli, Michael: Going forward, but we can dial that up and dial it down as needed, and then a brief update on private markets, a little bit on what our 2021 pacing plan looks like what our.

26

00:02:30.120 --> 00:02:44.820

Savinelli, Michael: pipeline of commitments looks like there are no new commitment reviews pending board approval, but we can give an update on two of the discussions that we've had over the last quarter, as well as part of that private market review.

27

00:02:47.370 --> 00:02:49.260

Joe Pellegrino: let's move on great.

28

00:02:49.350 --> 00:03:00.750

Savinelli, Michael: we'll skip through all the numbers on performance for last year I won't read you know rehash everything that was accomplished last year, but I want to give.

29

00:03:01.260 --> 00:03:12.000

Savinelli, Michael: Full credit and due respect to all the work that was done collectively, particularly with the Boards leadership and and and drive and diligence.

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00:03:12.390 --> 00:03:29.340

Savinelli, Michael: On the likes of the SAA review the discount rate and the key focus on the efficiency in the portfolio, so I just want to make sure everyone is is doing credited for what was a very thoughtful and effort heavy year in 2020.

31

00:03:31.980 --> 00:03:38.010

Savinelli, Michael: With that I can turn it over to you Eric and go into a deeper dive on the performance.

32

00:03:45.390 --> 00:03:45.690

Eric.

33

00:03:49.350 --> 00:03:51.690

Mike Wacek: Eric Eric might be on mute.

34

00:03:58.980 --> 00:03:59.850

Savinelli, Michael: I heard earlier.

35

00:04:02.280 --> 00:04:03.720

Savinelli, Michael: I think he's reconnecting I saw.

36

00:04:05.100 --> 00:04:05.580

Savinelli, Michael: one.

37

00:04:07.350 --> 00:04:07.890

Joe Pellegrino: Okay.

38

00:04:08.160 --> 00:04:13.710

White, Andrew: yeah apologies that's my my video or my audio went out so apologies.

39

00:04:14.820 --> 00:04:19.110

White, Andrew: Okay, so into to look back on the.

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00:04:20.250 --> 00:04:37.380

White, Andrew: fourth quarter of 2020 and the full year certainly an extraordinary year in markets Mike if you can just quickly flip back we're going to spend 30 seconds on the just the two slides to opening slides, but this one, I think, is.

41

00:04:38.610 --> 00:04:42.180

White, Andrew: Sorry, that one this is worth just reflecting on.

42

00:04:43.500 --> 00:04:46.710

White, Andrew: This shows the the path of the SMP 500 during.

43

00:04:48.420 --> 00:04:55.200

White, Andrew: And maps it on top of the the great financial crisis and the Great Depression the two other kind of comparable magnitude shocks.

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00:04:56.490 --> 00:05:08.970

White, Andrew: That would analogous to what we experience in 2020 and you see the magnitude of the drawdown associated with the coven crisis there's one time gross shock that hit the global economy.

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00:05:09.780 --> 00:05:26.880

White, Andrew: was comparable in terms of magnitude and to the 2008 2009 and actually more sharp and severe than either that experience or the Great Depression and what is absolutely remarkable is how fast the the markets have recovered.

46

00:05:27.060 --> 00:05:28.980

Joe Pellegrino: As they were two different animals to the homeless.

47

00:05:29.130 --> 00:05:38.070

White, Andrew: yeah so one one analogy, or one way to think about it is that this is more like a natural catastrophe, as opposed to a true gross shock, like the great depression or a financial crisis and.

48

00:05:38.340 --> 00:05:48.480

White, Andrew: The other is to recognize that the policymaker response was extraordinary and I think it's a combination of those two things which has led this outcome, and on the next slide.

49

00:05:48.900 --> 00:05:49.440

White, Andrew: This is a.

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00:05:49.470 --> 00:05:50.520

White, Andrew: This is a slide we've shared.

51

00:05:50.520 --> 00:05:52.260

White, Andrew: For a couple years that.

52

00:05:53.010 --> 00:05:53.970

White, Andrew: Simply maps.

53

00:05:54.030 --> 00:05:55.140

White, Andrew: It orders.

54

00:05:55.470 --> 00:06:11.790

White, Andrew: best performing to worst performing major investment category and then just color codes positive returns in real terms, so massive inflation in blue and negative returns in red and for the last couple years we've marked how extraordinary these.

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00:06:15.240 --> 00:06:17.400

Joe Pellegrino: Eric I think we lost we lost you.

56

00:06:20.220 --> 00:06:28.800

Joe Pellegrino: yeah okay Mike can you just continue I like to go right to the performance pages and we're talking about I think everybody's seen this and we know what this is about.

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00:06:29.880 --> 00:06:31.050
Savinelli, Michael: sure now we'll do.

58
00:06:34.080 --> 00:06:44.940
Savinelli, Michael: So yeah we can just the executive summary on page 30 punch punch line and the bottom performers, the new format, we help the look and feel of the defensive growth and really diverse range chart.

59
00:06:45.810 --> 00:06:56.310
Savinelli, Michael: In the right hand corner and the subsets look good for the board punch line of this page is clearly the the performance over the last three months town portfolio producing.

60
00:06:57.360 --> 00:07:11.430
Savinelli, Michael: 99.09 over the prior quarter 14.25 for the fiscal year to date and 9.37 for the calendar year calendar year of 9.37 in the context of where we were on march 31.

61
00:07:12.180 --> 00:07:26.760
Savinelli, Michael: is refreshing astounding pleasing you know very glad to see where where the year ended versus where we were earlier in the year, you can see our performance versus the policy benchmark across those periods as well.

62
00:07:28.110 --> 00:07:29.970
Savinelli, Michael: a mix of our performance.

63
00:07:30.990 --> 00:07:42.960
Savinelli, Michael: On the allocation benchmark modestly under for the quarter, but outperforming on a fiscal and calendar year to date perspective and we include as a as a reference portfolio that the s&p 500 index.

64
00:07:43.440 --> 00:08:02.400
Savinelli, Michael: Clearly we're not managing through an s&p 500 program or investment policy benchmark, but for context will be included that as well to get perspective on what those you know larger CAP US markets did over the trailing period as well okay next.

65
00:08:02.730 --> 00:08:05.670
White, Andrew: i'm back i'm back to hear him like yeah we got to.

66
00:08:05.760 --> 00:08:06.030
Get.

67
00:08:07.740 --> 00:08:13.680

White, Andrew: It yeah mike's doing a great job you know it's good thing my phone glitch out during a quarter of good performance Joe.

68

00:08:14.490 --> 00:08:15.960

White, Andrew: Otherwise i'd be.

69

00:08:15.990 --> 00:08:17.130

White, Andrew: i'd be in a lot of trouble.

70

00:08:18.240 --> 00:08:25.110

White, Andrew: So I think you know the the other points to make on the on the last page is we look at markets is what is this was.

71

00:08:25.530 --> 00:08:42.960

White, Andrew: an unusual market, not just because of the huge rebound of the s&p 500 have 18 you know 12% for the quarter and 18.4 for the year, but in the fourth quarter, we also saw rotation, the s&p 500 as we've talked about has been leading all of their markets for quite some time.

72

00:08:43.980 --> 00:08:58.110

White, Andrew: outperform small CAP it's outperform not us it's outperformed em in the fourth quarter, it was kind of the revenge, of the other markets small CAP, the Russell 2000 ads best ever quarter up 31.37% are you Eric.

73

00:08:58.590 --> 00:09:06.330

Joe Pellegrino: Eric we're beyond that we know that let's just keep moving on we've got the big page 13 I want to understand how we got to performance and get into the.

74

00:09:06.330 --> 00:09:08.280

Savinelli, Michael: performance but that's.

75

00:09:08.460 --> 00:09:12.120

White, Andrew: that's why I was saying that job at got it will move on alright so.

76

00:09:13.170 --> 00:09:17.730

White, Andrew: Total total portfolio performance mike's highlighted this financial composite, which is the.

77

00:09:19.590 --> 00:09:33.870

White, Andrew: Private markets also ahead of benchmark over all these major periods, and since inception now, so the strong performance was driven in part by private markets, but also by by public markets.

78

00:09:34.620 --> 00:09:38.280

White, Andrew: Having read structured the portfolio as part of the work with the board.

79

00:09:39.060 --> 00:09:46.800

White, Andrew: Is it is our expectation that the majority of performance driver versus the benchmarks will be the private portfolio.

80

00:09:47.250 --> 00:09:58.770

White, Andrew: And asset allocation, it will be less driven by security selection is that is now a smaller active security selection as a smaller component, as we look at this page it's important to bear in mind that.

81

00:10:00.120 --> 00:10:10.620

White, Andrew: There are differences in timing of the private benchmark versus private markets so we had very good performance on the private market side that there will be some Reversion there.

82

00:10:11.010 --> 00:10:17.520

White, Andrew: But that was a key driver on the on the total portfolio side, the financial composite is true comparison and that shows the good results.

83

00:10:17.940 --> 00:10:26.460

White, Andrew: We now have that the three components of your portfolio defensive growth and real in diversifying as part of the regime structure of the portfolio.

84

00:10:27.390 --> 00:10:36.360

White, Andrew: All three outperform during the quarter defensive actually was slightly negative and you know that should really match that benchmark.

85

00:10:36.930 --> 00:10:41.730

White, Andrew: Pretty closely through time, given the the index nature of the majority of that portfolio.

86

00:10:42.420 --> 00:10:50.760

White, Andrew: But we were you know repositioning the portfolio through the quarter into the government G ETF, and then the passively managed index strategy.

87

00:10:51.720 --> 00:10:56.490

White, Andrew: Growth was also outperform during the quarter and then real in diversifying.

88

00:10:56.880 --> 00:11:09.000

White, Andrew: Modest outperformance over this over this period key driver and what you'd expect it and up the market like what we saw in the fourth quarter is your growth component did drive the that really drive the bus during this period and that's what we would expect.

89

00:11:10.350 --> 00:11:24.000

White, Andrew: Next slide we begin to dig in on attribution tons of numbers on this slide i'll highlight a few that that we think are relevant, this is the total portfolio for the quarter, so this includes private markets.

90

00:11:24.900 --> 00:11:34.620

White, Andrew: Which is not you know which, because of the timing of private market benchmarks and the inability to be tactical is less significant does show the outperformance well.

91

00:11:36.150 --> 00:11:36.720

White, Andrew: It was the.

92

00:11:36.780 --> 00:11:43.890

Joe Pellegrino: Private markets are marks I looked at, they go to 639 30 let's just to the financial composite.

93

00:11:44.430 --> 00:11:47.730

Joe Pellegrino: Private equity in separate meeting in May yeah.

94

00:11:47.850 --> 00:11:49.230

White, Andrew: Good okay so.

95

00:11:50.610 --> 00:12:00.180

White, Andrew: You have an actual composite for the quarter, the financial composite if you look to the bottom right that's the summary caught three right columns.

96

00:12:00.690 --> 00:12:10.770

White, Andrew: summarize first the total effect we outperformed your benchmark by 70 basis points and the contribution was allocation hundred and 42 days is point positive.

97

00:12:11.190 --> 00:12:25.410

White, Andrew: Selection 72 basis points negative and that the let's talk negative first the two big negative contributors were that in US large CAP stocks that was just timing, moving from the active and.

98

00:12:26.640 --> 00:12:39.840

White, Andrew: Prior benchmark portfolio into the passive you know Vo index so that's a that's a not a you know that's just an artifact of timing, the other one was we added.

99

00:12:40.410 --> 00:12:49.500

White, Andrew: gold as a commodity exposure during the fourth quarter to help hedge some of the riskier growth year exposures, we were taking on.

100

00:12:49.980 --> 00:13:00.600

White, Andrew: In your portfolio and relative to abroad commodity benchmark goal, which was up strongly your the broad gci commodity benchmark gold was essentially flat.

101

00:13:01.170 --> 00:13:11.040

White, Andrew: In the fourth quarter, so you know being exposed to the category help that's the plus 20 basis points, but our choice of gold is a commodity exposure as a tactical hedge.

102

00:13:12.030 --> 00:13:24.420

White, Andrew: did not add value and so that was the negative 47 now the way, one of the ways we think about this is the is that helped us to take other riskier exposures be significantly underrated us treasuries.

103

00:13:25.500 --> 00:13:38.670

White, Andrew: And that added hundred and 15 basis points, and we also overweight ID small caps developed market non us and in small measure emerging market equity.

104

00:13:39.090 --> 00:13:56.400

White, Andrew: And the overweight, a small cap at 40 basis points, and so the combination of these moves, you know added that added up to that very large allocation effect 142 and you get some negative impact on the selection effect of the of the gold is a hedge on the commodity side.

105

00:13:57.600 --> 00:14:09.030

White, Andrew: Put it all together 70 basis points of positive and, as I mentioned, you know going forward, we would expect the selection column to be relatively.

106

00:14:10.080 --> 00:14:28.440

White, Andrew: Modest going forward because so much of this is passive now the only active components are us small dmd us small CAP and the equity, which are smaller percentages of the of the portfolio and the rest is passive and the allocation of section.

107

00:14:30.000 --> 00:14:31.710

White, Andrew: Meaningful contributor going forward.

108

00:14:33.030 --> 00:14:33.450

Joe Pellegrino: Okay.

109

00:14:34.020 --> 00:14:35.760

Mike Wacek: Eric I have a question so.

110

00:14:35.850 --> 00:14:38.730

White, Andrew: The under waiting of US treasuries um.

111

00:14:38.880 --> 00:14:53.250

Mike Wacek: How I don't understand how that happened, you know, through the year you know after March there was a sentiment on the board that we should move out of investment grade corporates and all of that defensive bond portfolio should go into.

112

00:14:53.250 --> 00:14:57.300

Mike Wacek: treasuries so How did we end up getting under allocated to us treasuries.

113

00:14:59.220 --> 00:15:05.100

White, Andrew: So we have it, you know, in the new asset allocation, we have a target of 30% to the defensive bucket.

114

00:15:06.210 --> 00:15:15.000

White, Andrew: And a range around that so we can you know the target the idea is to have a consistent exposure to that defensive bucket for your portfolio.

115

00:15:15.480 --> 00:15:24.690

White, Andrew: But at the same time, we can express tactical views relative to that target of 30% in the defensive bucket and in the fourth quarter.

116

00:15:25.470 --> 00:15:35.040

White, Andrew: We you know our view was that interest rates were were you know potential there was potential for interest rate to rise, it was going to be a positive market for growth assets.

117

00:15:35.910 --> 00:15:55.470

White, Andrew: And so we underweight it treasuries within that within the the the parameters of the investment policy statement and also want keeping you know we're underway three three plus percent you know 27 ish 26 and a half 27% didn't treasuries and cash as a defensive component for the plan.

118

00:15:56.220 --> 00:15:57.150

White, Andrew: got it okay.

119

00:15:58.800 --> 00:16:00.780

White, Andrew: just that little it doesn't seem like a.

120

00:16:00.780 --> 00:16:08.490

Mike Wacek: Big under waiting, but it had it basically has more than one point impact on the.

121

00:16:08.880 --> 00:16:17.910

White, Andrew: Well yeah I mean when when the overall portfolio is up close to 10 and the Treasury start down a little.

122

00:16:19.920 --> 00:16:20.340

White, Andrew: The big.

123

00:16:21.810 --> 00:16:23.340

White, Andrew: The big impact so.

124

00:16:23.820 --> 00:16:24.600

White, Andrew: i'll interrupt you.

125

00:16:24.690 --> 00:16:26.070

Joe Pellegrino: Because this is worth the discussion.

126

00:16:26.490 --> 00:16:33.900

Joe Pellegrino: Your your defensive position now is essentially treasuries with very little cash is that really where you want to be.

127

00:16:34.380 --> 00:16:47.970

Joe Pellegrino: Right now going forward for the end of this month February and March I would think that you would be concerned that treasuries will underperform and that the better asset to have more at in is actually cash.

128

00:16:49.290 --> 00:16:59.610

White, Andrew: yeah so we we are expressing that view modestly, so this shows the the MIC flip the head that shows our current the the allocations as of December so we're you know.

129

00:17:00.750 --> 00:17:06.900

White, Andrew: 24.7 in treasuries verses 29 and 2% in cash we've actually.

130

00:17:08.550 --> 00:17:18.330

White, Andrew: change that to 20 24% treasuries and two and a half percent cash about a week week and a half ago, so we've continued to build cash from from from treasuries.

131

00:17:20.250 --> 00:17:25.260

Joe Pellegrino: You won't consider meaningful amount of money in cash like eight to 10%.

132

00:17:26.700 --> 00:17:30.150

White, Andrew: We could we have the latitude to go up to 10%.

133

00:17:30.930 --> 00:17:33.600

Joe Pellegrino: that's my thought i'm just gonna start with you that I don't want to dwell on it.

134

00:17:33.660 --> 00:17:34.800

Joe Pellegrino: But I think.

135

00:17:35.400 --> 00:17:36.690

Joe Pellegrino: When I look at this market.

136

00:17:36.780 --> 00:17:38.400

White, Andrew: I don't think I would want to take the.

137

00:17:38.400 --> 00:17:44.520

Joe Pellegrino: Performance risk on treasuries right here, relative to knowing that I won't underperform it all the tasks.

138

00:17:46.350 --> 00:17:53.850

White, Andrew: understood you know we we have already had a pretty decent move and treasury yields and that you know, we do expect treasuries.

139

00:17:54.360 --> 00:18:04.980

White, Andrew: Our forecast is that the 10 year treasury is at 150 at the end of the year, but they've you know, just as we come from 110 down to one or two, so I mean I think we'll see some some movements.

140

00:18:05.040 --> 00:18:18.360

White, Andrew: yeah within with treasury so we're happy to be underweight but we don't want to completely abandon that component of the of the structure of your portfolio, I think that that is our trend through the year, though, is to be under waiting.

141

00:18:19.440 --> 00:18:21.570
White, Andrew: bias towards cash okay.

142
00:18:21.870 --> 00:18:22.320
Joe Pellegrino: All right.

143
00:18:22.530 --> 00:18:23.340
Joe Pellegrino: let's keep moving.

144
00:18:23.730 --> 00:18:24.660
Joe Pellegrino: Any other questions.

145
00:18:26.730 --> 00:18:27.360
Joe Pellegrino: i'm Miriam.

146
00:18:27.810 --> 00:18:28.080
Miriam.

147
00:18:29.430 --> 00:18:29.910
Joe Pellegrino: you're muted.

148
00:18:30.540 --> 00:18:32.010
Miriam Kreuzer: Yes, sorry yes.

149
00:18:32.190 --> 00:18:36.750
Miriam Kreuzer: If we could just go back to that allocation page, just to be clear.

150
00:18:37.890 --> 00:18:48.540
Miriam Kreuzer: The way that it looks now the assumption is that you're not in any sort of agencies mortgages aspects is that the case, or is it just bucket it in something that's not obvious.

151
00:18:49.890 --> 00:18:59.670
White, Andrew: So if we wanted to own non treasury but investment grade credit we collect in that industry corporate fixed income bucket we do not own any right now.

152
00:19:00.090 --> 00:19:02.010
White, Andrew: Okay, so MPs ABS.

153
00:19:02.100 --> 00:19:04.650
Miriam Kreuzer: And agencies would all be in that bucket.

154

00:19:05.820 --> 00:19:07.320

White, Andrew: Correct Okay, thank you.

155

00:19:08.520 --> 00:19:10.590

Mike Wacek: yeah yeah we should maybe re label.

156

00:19:10.590 --> 00:19:15.150

Mike Wacek: That Mike and Eric just to make it clear that it's not just corporate.

157

00:19:17.250 --> 00:19:24.330

White, Andrew: Correct yeah it should just be investment grade fixed income that's good point that's a great credit or invest invest would be a better level.

158

00:19:25.590 --> 00:19:26.010

Joe Pellegrino: Okay.

159

00:19:26.490 --> 00:19:27.450

questions.

160

00:19:29.280 --> 00:19:29.730

White, Andrew: Okay.

161

00:19:30.000 --> 00:19:30.930

Joe Pellegrino: You want to continue.

162

00:19:31.110 --> 00:19:32.700

Joe Pellegrino: That process.

163

00:19:32.730 --> 00:19:40.560

White, Andrew: Maybe just yeah so back to the maybe, just a quick look at the full year financial composite attribution.

164

00:19:42.150 --> 00:19:46.830

White, Andrew: i'll performance of 58 basis points and a similar similar pattern.

165

00:19:48.060 --> 00:19:54.840

White, Andrew: You know percent outperformance on the application side 41 basis points of negative on security selection.

166

00:19:55.830 --> 00:20:08.280

White, Andrew: And, and also, you know, a similar pattern, you know significant value added by under waiting treasuries and ovulating us small CAP and security selection.

167

00:20:09.060 --> 00:20:28.470

White, Andrew: You know struggles in emerging market equities commodities which reflects that that goal position late in the year and then in in fixed income, you know positive positive selection in investment grade fixed income and emerging market debt but negative in in high yield.

168

00:20:29.520 --> 00:20:31.920

White, Andrew: And we, you know we replaced the manager there.

169

00:20:33.300 --> 00:20:36.840

White, Andrew: But it's been a tough a tough active you're in high yield.

170

00:20:38.280 --> 00:20:40.440

White, Andrew: So those are those are highlights there.

171

00:20:41.520 --> 00:20:45.480

White, Andrew: And again, the pattern of how performance on the application side is negative selection.

172

00:20:46.710 --> 00:20:59.790

White, Andrew: On the if you go to the full the full period the since inception period, these are much more muted numbers so 25 basis points about performance essentially flat on the on the selection side.

173

00:21:00.840 --> 00:21:08.610

White, Andrew: And so, essentially matching matching benchmarks across the program with areas of our performance and under performance, the big disappointment is.

174

00:21:08.970 --> 00:21:21.000

White, Andrew: emerging market equity through this time period and high yield and then very strong but strong positive in a small cap on the collection side, so one of the most one of the areas of inefficiency would expect to be able to add value.

175

00:21:21.540 --> 00:21:35.430

White, Andrew: And then on the allocation side similar story, but just more muted numbers, when you when you go over the full the full time period so that's that that's the backward look from an attribution standpoint.

176

00:21:37.260 --> 00:21:48.480

White, Andrew: The only other items I would highlight from a performance standpoint is, as we go as we look at the underlying components, we now have broken out.

177

00:21:49.620 --> 00:21:56.760

White, Andrew: The we've broken private markets, which used to be one monolithic category into subcomponents private credit.

178

00:21:57.450 --> 00:22:04.800

White, Andrew: Private equity and private real assets and real estate and that's going to be helpful because that gives us a more granular look at.

179

00:22:05.100 --> 00:22:18.840

White, Andrew: Those components and what's driving your portfolio and also allocations between those components so you'll have more information about your private markets program now going forward, and so, as you can see, we show the private credit.

180

00:22:19.890 --> 00:22:29.190

White, Andrew: Allocation on this slide and its performance versus a private credit or a proxy for a private credit benchmark.

181

00:22:30.210 --> 00:22:41.700

White, Andrew: And that has added value through time private equities been you know major driver and I just want to reflect a moment the your private equity portfolio has done has done very well.

182

00:22:42.150 --> 00:22:52.980

White, Andrew: Up 16.72 during the year and analyze that 19.15 over the last three and a half years the benchmark because of legs.

183

00:22:54.030 --> 00:23:02.580

White, Andrew: You know doesn't look as good so we're going to see that performance, there have been quarters, where we said we don't look as bad as we should, or we don't look that bad.

184

00:23:02.970 --> 00:23:12.240

White, Andrew: We don't look as bad as what we show here we don't look as good it'll snap back more I will get into that in detail, but just did want to highlight that's been a key driver of your of your portfolio.

185

00:23:13.320 --> 00:23:27.780

White, Andrew: and private real estate were to have shelling there was a tough year for for real estate that's actually an area where we see some opportunity

to add some had some exposure So if you go to so that's it That was all I was gonna say i'm performing any other questions on performance.

186

00:23:28.500 --> 00:23:34.140

Joe Pellegrino: Page 39 I want to get into what what really happened here so that the Board is aware of it, without a discussion.

187

00:23:36.240 --> 00:23:37.260

Joe Pellegrino: Page 39 please.

188

00:23:38.160 --> 00:23:39.120

White, Andrew: let's just get into it.

189

00:23:39.180 --> 00:23:49.500

Joe Pellegrino: Okay, we got cash to understand that you got your treasuries we got that your high yield isn't tia craft high yield fun I take it that that.

190

00:23:49.530 --> 00:23:51.510

Joe Pellegrino: Is is that new for us now.

191

00:23:51.780 --> 00:23:52.770

Joe Pellegrino: Is that where you switch.

192

00:23:52.860 --> 00:23:53.280

Out of.

193

00:23:54.420 --> 00:23:55.470

White, Andrew: yep okay.

194

00:23:56.040 --> 00:23:59.850

Joe Pellegrino: All right, um What else do we got here.

195

00:24:00.360 --> 00:24:02.040

Joe Pellegrino: Now the emerging market.

196

00:24:02.040 --> 00:24:03.240

Joe Pellegrino: Debt okay.

197

00:24:04.350 --> 00:24:07.230

Joe Pellegrino: All right, I think we had a discussion on that last time Mike is that.

198

00:24:07.230 --> 00:24:07.680
Right.

199
00:24:09.060 --> 00:24:14.760
Joe Pellegrino: isn't that the one that's the one who, you said that you think you'd get better performance here with this active management.

200
00:24:16.170 --> 00:24:24.120
Savinelli, Michael: yeah but the after class who's being hailed as the fixed income em that US small CAP and em equity, where the more that we.

201
00:24:25.440 --> 00:24:27.240
Savinelli, Michael: determine track of management advocacy.

202
00:24:27.630 --> 00:24:28.080
Savinelli, Michael: All right.

203
00:24:28.140 --> 00:24:31.710
Joe Pellegrino: You went with the vanguard veal oh for large CAP.

204
00:24:32.250 --> 00:24:32.790
White, Andrew: Okay.

205
00:24:32.970 --> 00:24:33.810
Joe Pellegrino: that's the question.

206
00:24:33.870 --> 00:24:34.410
White, Andrew: This is just.

207
00:24:34.710 --> 00:24:36.720
Joe Pellegrino: A technical question what.

208
00:24:36.780 --> 00:24:52.140
Joe Pellegrino: Is there ever liquidity issues and trying to move millions of dollars in a trade in in and out of that fun or is that fun capacity that people can place a \$5 million order, it will trade or more.

209
00:24:53.490 --> 00:24:58.800
White, Andrew: yeah at our experience it's got plenty of liquidity for the size of trades that we're doing okay.

210
00:24:59.430 --> 00:25:00.300
Joe Pellegrino: um.

211

00:25:00.540 --> 00:25:02.850

Joe Pellegrino: Alright, takes us down there you got the Russell.

212

00:25:03.570 --> 00:25:03.840

Joe Pellegrino: team.

213

00:25:03.870 --> 00:25:10.110

Joe Pellegrino: While now and small CAP you're reselling the cane Anderson me here, in the end, the green small which.

214

00:25:11.010 --> 00:25:13.050

Joe Pellegrino: Looked at those performance numbers, I know that.

215

00:25:13.260 --> 00:25:16.350

Joe Pellegrino: pain had an off looks like it had an off month.

216

00:25:17.940 --> 00:25:19.590

Joe Pellegrino: actually had in the last three months.

217

00:25:20.040 --> 00:25:20.730

Joe Pellegrino: But it's.

218

00:25:21.150 --> 00:25:23.220

White, Andrew: Year today will.

219

00:25:23.250 --> 00:25:23.910

Joe Pellegrino: Tough the.

220

00:25:23.970 --> 00:25:24.870

Joe Pellegrino: One year.

221

00:25:25.980 --> 00:25:33.510

Joe Pellegrino: is better 45 verses 34 and 4534 so one years good okay so we're we know what we've got there.

222

00:25:34.500 --> 00:25:37.350

That brings us to page.

223

00:25:39.000 --> 00:25:46.200

Joe Pellegrino: 40 and here we've got the leafy that's fine we got the emerging markets.

224

00:25:46.200 --> 00:25:48.720

Joe Pellegrino: index, but you still have the end the emerging markets.

225

00:25:48.720 --> 00:25:55.770

Joe Pellegrino: Which is underperforming and I had a separate discussion with Mike on that, so I won't dwell on it, and now you got the vanguard re.

226

00:25:55.770 --> 00:25:59.070

Joe Pellegrino: And vn Q Okay, and you get the God.

227

00:25:59.130 --> 00:26:00.390

White, Andrew: So that's the portfolio.

228

00:26:00.660 --> 00:26:01.950

Joe Pellegrino: And everybody can see.

229

00:26:02.250 --> 00:26:04.740

White, Andrew: how things are performing there okay.

230

00:26:05.730 --> 00:26:10.590

Joe Pellegrino: Any questions on this part of the agenda of the presentation.

231

00:26:13.050 --> 00:26:13.770

Joe Pellegrino: Regarding.

232

00:26:14.850 --> 00:26:17.550

Joe Pellegrino: The calendar year for the financial assets.

233

00:26:19.320 --> 00:26:19.710

White, Andrew: yeah.

234

00:26:20.520 --> 00:26:21.330

Kevin Coyner: I have a question.

235

00:26:21.870 --> 00:26:22.410

Joe Pellegrino: Yes, Kevin.

236

00:26:22.710 --> 00:26:28.200

Kevin Coyner: Can neuberger just to actually speak to I actually go to page 22 please.

237

00:26:28.410 --> 00:26:28.920

Okay.

238

00:26:31.980 --> 00:26:42.030

Kevin Coyner: And Eric if we look there neuberger since inception and private equity and private credit 19.15 and 6.62 respectively.

239

00:26:44.070 --> 00:26:48.060

Kevin Coyner: Since inception, for those two and then, if we go back to page 19.

240

00:26:48.060 --> 00:26:48.510

Now.

241

00:26:51.000 --> 00:27:05.790

Kevin Coyner: And we look at the attribution total effect of those two entries private credit and private equity it's basically four basis points and six basis points, respectively, I just speak to do that for a moment, if you would is that just basically.

242

00:27:05.850 --> 00:27:08.130

Kevin Coyner: Based on the size of the assets we have committed there or.

243

00:27:08.130 --> 00:27:14.790

Kevin Coyner: Whatever just if we're making 19% since inception on private equity, I would have thought that.

244

00:27:15.450 --> 00:27:15.960

Savinelli, Michael: In terms.

245

00:27:15.990 --> 00:27:21.780

Kevin Coyner: Of the total effect on our overall attribution would have been a little bit greater than just six cases.

246

00:27:24.630 --> 00:27:25.320

Kevin Coyner: I mean yeah.

247

00:27:25.890 --> 00:27:26.640

White, Andrew: How that for me.

248

00:27:28.320 --> 00:27:38.100

White, Andrew: yeah I mean we need to, we need to reconcile those numbers, the total return in this exhibit shows 9.89 for for private equity.

249

00:27:39.120 --> 00:27:56.610

White, Andrew: versus the the benchmark of 9.43 so that's a more more muted, the the when you run at there's some challenges with running attribution over multiple years and how and how numbers compound through time and also the.

250

00:27:57.960 --> 00:27:58.290

White, Andrew: So.

251

00:27:58.620 --> 00:28:00.270

White, Andrew: Actually, let me go back.

252

00:28:00.930 --> 00:28:06.510

White, Andrew: That this is a combination of the private markets.

253

00:28:07.800 --> 00:28:17.310

White, Andrew: Combined performance that we showed through the fall of her through the third quarter of this year and that's in the bottom line of private markets.

254

00:28:18.630 --> 00:28:34.290

White, Andrew: You see, the bottom line private markets that's essentially the combination of private equity private credit and real estate through the through the third quarter of this year and there, you see, you know the 32 basis points of selection effect.

255

00:28:35.460 --> 00:28:41.430

White, Andrew: And that so that's capturing a lot of that benefit of private equity over that full three year time period.

256

00:28:42.060 --> 00:28:50.370

White, Andrew: The private equity line here it's just for the most recent quarter, because that reflects that we just pulled it out and made it its own category in the most recent quarter.

257

00:28:51.150 --> 00:28:59.700

White, Andrew: So, for the first three years and a quarter in this attribution analysis private markets are all lumped are all lumped together.

258

00:29:00.750 --> 00:29:10.290

White, Andrew: And then, in the most recent quarter we pulled out private credit private equity and real estate made them their own lines, and they have their own lines in here, but the impact is just going to be in the most recent quarter.

259

00:29:11.430 --> 00:29:24.120

White, Andrew: And so that's part of so that's you know that's the way we have to do the attribution analysis, because all of the numbers are baked in the way we did them previously and but in your into that new exhibit in the.

260

00:29:24.120 --> 00:29:25.890

White, Andrew: exhibit that we created it's now in.

261

00:29:25.920 --> 00:29:37.980

White, Andrew: A separate line item that's what we did is we grouped all the private equity strategies, together we group the private credit strategies together We grew up the real estate strategies together and recalculated their performance back you know back back.

262

00:29:38.490 --> 00:29:50.490

White, Andrew: You know, since inception, and we show that in in that exhibit so basically you get that big out performance in private equity, you get more modest performance and in private credit and you get you know.

263

00:29:51.510 --> 00:30:02.520

White, Andrew: flattish to negative performance in real estate and that that all comes together so yeah all of that benefit is shown it's just in the different different buckets and Kevin if you look at the the.

264

00:30:02.550 --> 00:30:05.790

Savinelli, Michael: quarter today versus since inception, this is where you see the.

265

00:30:06.300 --> 00:30:12.450

Savinelli, Michael: Right, you know the normalized average weights and impacts of private credit private equity and private real estate.

266

00:30:12.720 --> 00:30:35.130

Savinelli, Michael: Without that total private market bucket included the since inception will include the different buckets as they were reflected over the course of the program over the years, the this quarter is the more representative of the weight of those three new specific buckets going forward.

267

00:30:36.510 --> 00:30:41.400

Kevin Coyner: Okay, so that helps me to understand that basically it's because we've got new buckets essentially.

268

00:30:42.930 --> 00:30:44.490

White, Andrew: Basically okay.

269

00:30:44.760 --> 00:30:47.280
Joe Pellegrino: Okay, any other questions on.

270
00:30:47.610 --> 00:30:51.570
Joe Pellegrino: That part of our agenda Okay, a.

271
00:30:51.600 --> 00:30:52.560
quarter and no less.

272
00:30:53.970 --> 00:30:55.170
Mike Wacek: If we look at the.

273
00:30:56.010 --> 00:30:58.980
Mike Wacek: fiscal year today performance.

274
00:31:00.090 --> 00:31:12.300
Mike Wacek: I mean it looks like we're in really good shape, if we were at 14.25% now is that for the total portfolio does that include the the lagged private equity private markets.

275
00:31:12.300 --> 00:31:13.410
Mike Wacek: Or is that just the financial.

276
00:31:14.880 --> 00:31:15.960
White, Andrew: Total portfolio.

277
00:31:16.080 --> 00:31:17.310
Mike Wacek: It total portfolio.

278
00:31:17.310 --> 00:31:17.910
So.

279
00:31:19.170 --> 00:31:20.310
Mike Wacek: Probably.

280
00:31:20.310 --> 00:31:21.750
Mike Wacek: The private equity or.

281
00:31:21.780 --> 00:31:22.920
Mike Wacek: Private markets.

282
00:31:23.220 --> 00:31:24.330

Savinelli, Michael: adds a little bit even to.

283

00:31:24.330 --> 00:31:26.040

Mike Wacek: That so I mean.

284

00:31:26.220 --> 00:31:26.970

White, Andrew: looks like.

285

00:31:27.330 --> 00:31:28.920

Mike Wacek: Unless the market.

286

00:31:29.970 --> 00:31:39.090

Mike Wacek: retrenches significantly in the last half of of the current fiscal year where we're going to hit or exceed our.

287

00:31:40.470 --> 00:31:42.870

Mike Wacek: assumed investment rate of return, which is great.

288

00:31:44.130 --> 00:31:46.290

White, Andrew: It makes me worry about the future, but.

289

00:31:47.490 --> 00:31:48.450

Mike Wacek: So far, so good.

290

00:31:49.800 --> 00:31:50.550

All right, Andy.

291

00:31:53.640 --> 00:31:54.060

Savinelli, Michael: Okay.

292

00:31:54.420 --> 00:31:58.980

Joe Pellegrino: um you new essay structure we already addressed that I believe.

293

00:31:59.970 --> 00:32:01.140

Savinelli, Michael: We had okay.

294

00:32:01.650 --> 00:32:03.600

Joe Pellegrino: attribution reporting, we took care of.

295

00:32:04.800 --> 00:32:08.760

Savinelli, Michael: We did portfolio position we kind of tear right.

296

00:32:09.900 --> 00:32:10.770

Joe Pellegrino: All right, yeah.

297

00:32:13.020 --> 00:32:17.910

Savinelli, Michael: positioning I know Eric is there anything else you wanted to share on on page 31.

298

00:32:19.290 --> 00:32:30.240

White, Andrew: yeah so the 32nd framework is we believe 2021 is going to be characterized by early economic cycle dynamics higher growth higher.

299

00:32:31.560 --> 00:32:39.420

White, Andrew: Corporate earnings a stable and improving corporate credit environment likely some modestly rising inflation and prices.

300

00:32:41.190 --> 00:32:51.930

White, Andrew: falling unemployment as and as the economy reopens and all integrated accommodative policy framework with.

301

00:32:52.950 --> 00:33:03.510

White, Andrew: The fed staying lower for longer is Jay Paul tried to emphasize yesterday afternoon and continued stimulus in the US, as well as a very strong credit impulse in China.

302

00:33:03.930 --> 00:33:15.420

White, Andrew: Driving cyclical growth this environment should be very supportive of risk assets so equities credit commodities and should be more challenging for.

303

00:33:16.650 --> 00:33:19.830

White, Andrew: treasuries as we've talked about as rates are likely to rise, although.

304

00:33:20.850 --> 00:33:22.440

White, Andrew: Probably modestly.

305

00:33:23.820 --> 00:33:34.470

White, Andrew: And we are positioned accordingly, the one comment that we would add to that is everything that I just said about our views for are fairly consensus and.

306

00:33:35.430 --> 00:33:45.480

White, Andrew: And that that gives us pause because valuations are certainly quite full there is evidence of for cockiness in markets, and so we have.

307

00:33:46.200 --> 00:33:55.890

White, Andrew: We are, we would call ourselves moderately risk on right now and that's expressed in the in the position that we that we show, at the end of December here.

308

00:33:56.400 --> 00:34:07.650

White, Andrew: underweight treasuries you know 4.3% underweight your growth asset or underweight your defensive bucket 3.2 and all of that overweight in growth assets.

309

00:34:08.010 --> 00:34:18.300

White, Andrew: combination of credit high yield fixed income emerging market debt small mid CAP developed market and non and emerging equity and under waiting us large CAP.

310

00:34:19.350 --> 00:34:29.490

White, Andrew: Obviously, those positions paid off in the in the fourth quarter since then, and we were neutral on real and diversifying with an underweight on on real estate in aggregate.

311

00:34:30.240 --> 00:34:41.850

White, Andrew: And that hedging positioning in gold, you know, since the end of the quarter we've made a few adjustments and then what we've done is we've termed the the equity and end overweight.

312

00:34:42.840 --> 00:34:56.400

White, Andrew: And we've added to our real and diversifying exposures so we're currently we're still about three and a half percent underweight defensive, but more in cash lesson treasuries.

313

00:34:57.210 --> 00:35:18.840

White, Andrew: we're only about one and a half percent overweight growth we've trimmed our end overweight to just a half a percent we've we've sold down small us large CAP to 17% while maintaining overweight too small and mid developed market non us and em equity and we added.

314

00:35:19.980 --> 00:35:29.730

White, Andrew: 2% to read as a way to try and play more of a reflationary rebound take advantage of some distress and dislocation in that area.

315

00:35:30.750 --> 00:35:39.420

White, Andrew: As then, and then the other thing we've done is we shifted a percent out of gold into a commodity ETF the gst.

316

00:35:39.930 --> 00:35:48.750

White, Andrew: So trimming some of that gold exposure and adding two straight on commodities exposure to hedge against higher inflation and capture any reflationary.

317

00:35:49.260 --> 00:36:04.320

White, Andrew: exposures So those are the changes since the end of December, reflecting the expectation of reflationary growth, but more cautious on equities and tilting into into inflation sensitive assets okay appreciate it.

318

00:36:04.410 --> 00:36:06.120

Joe Pellegrino: let's move on oh.

319

00:36:06.150 --> 00:36:08.070

Mike Wacek: Private more Mr Chairman.

320

00:36:09.240 --> 00:36:09.840

Mike Wacek: Before we go.

321

00:36:09.870 --> 00:36:12.660

Mike Wacek: Can we just review the risk statistics.

322

00:36:13.170 --> 00:36:13.830

Joe Pellegrino: What page.

323

00:36:18.450 --> 00:36:18.930

Mike Wacek: And it gets.

324

00:36:21.180 --> 00:36:21.390

White, Andrew: yeah.

325

00:36:21.630 --> 00:36:21.810

Mike Wacek: yeah.

326

00:36:21.870 --> 00:36:25.170

Mike Wacek: So, how does this compare we've got a tolerance, the target.

327

00:36:25.560 --> 00:36:27.210

Mike Wacek: Is 11.1 as you.

328

00:36:27.210 --> 00:36:30.240

Mike Wacek: Show here but we've got 5% tolerance.

329

00:36:32.880 --> 00:36:36.600

Mike Wacek: which I assume puts us that 11 three that.

330

00:36:37.590 --> 00:36:39.330

Mike Wacek: is reported here is the actual.

331

00:36:40.290 --> 00:36:45.630

Savinelli, Michael: is well yeah and I think a lot of 11 seven being the limit that we have.

332

00:36:46.380 --> 00:37:04.200

Savinelli, Michael: Mike we can we will talk more about that there's a meeting next month of February to go through the updated capital market assumptions as well, so I don't know what the magnitude of that change will be, but we were planning on discussing and addressing it in the context of the ips.

333

00:37:05.220 --> 00:37:07.020

Savinelli, Michael: At that meeting, as well right.

334

00:37:07.410 --> 00:37:14.100

Mike Wacek: yeah as as that, as you get your data together if you give me a preview that might be helpful.

335

00:37:15.840 --> 00:37:17.340

Savinelli, Michael: i'm this exhibit if.

336

00:37:17.370 --> 00:37:25.140

Mike Wacek: I could suggest that you put the the constraint on here as well, so that we don't have to look back at the.

337

00:37:26.820 --> 00:37:27.600

White, Andrew: essay.

338

00:37:27.660 --> 00:37:29.760

Mike Wacek: Just so that we can tell at a glance that we're.

339

00:37:29.760 --> 00:37:30.270

Mike Wacek: Within.

340

00:37:30.360 --> 00:37:32.310

Mike Wacek: within bounds okay good Thank you.

341

00:37:36.060 --> 00:37:36.390
sure.

342

00:37:39.660 --> 00:37:44.850
Savinelli, Michael: To TEE up the private market update the one thing that i'll highlight from this tactical till page is.

343

00:37:46.050 --> 00:37:54.540
Savinelli, Michael: you'll see underweight to the private the new private credit and private real estate pockets in an overweight, the private equity in the context of.

344

00:37:55.020 --> 00:38:01.440
Savinelli, Michael: A private markets portfolio that was all inclusive we we were comfortable and.

345

00:38:02.340 --> 00:38:12.630
Savinelli, Michael: kind of wanted this type of allocation mix and a in an overweight through private equity, with the defined buckets now for private credit private credit private equity and private real estate.

346

00:38:13.140 --> 00:38:21.480
Savinelli, Michael: We are looking at what those spreads are to the to the target and what you'll see as part of the pacing plan and consideration for the coming year years.

347

00:38:21.750 --> 00:38:33.000
Savinelli, Michael: Is some focus on private credit and private real estate specifically to help narrow that underweight gap so just to set the stage for the private market portfolio update.

348

00:38:33.600 --> 00:38:48.120
Savinelli, Michael: We have the alternative summary here it's it's not as comprehensive as what we'll go over in May, but we wanted to isolate those specific new buckets themselves the holdings that we're representing in those buckets and a you know, a basic.

349

00:38:49.440 --> 00:38:59.490
Savinelli, Michael: mo I see multiple on invested capital column for each fund and a summary as well, for each bucket to get a little bit more, you know context and.

350

00:39:00.270 --> 00:39:07.800
Savinelli, Michael: Clarity around what's being held in the alternatives program one note on we haven't titled as real estate, this is.

351

00:39:08.640 --> 00:39:19.560

Savinelli, Michael: Actually, like a real asset bucket at the end of the day, it's real estate and your energy your legacy energy funds they got the appropriate bucketing for for those programs as well, but we'll clarify.

352

00:39:19.950 --> 00:39:35.160

Savinelli, Michael: The nomenclature going forward on on that, and then we have the bulk of the private program here represented in private equity across both legacy and new we neuberger selected fund allocations.

353

00:39:37.290 --> 00:39:37.650

Joe Pellegrino: Okay.

354

00:39:38.970 --> 00:39:39.390

Joe Pellegrino: All right.

355

00:39:40.410 --> 00:39:42.840

Savinelli, Michael: let's ask you, yes Mike.

356

00:39:44.310 --> 00:39:45.240

Mike Wacek: Is is can.

357

00:39:45.300 --> 00:39:47.370

Mike Wacek: Is can on the call I don't see him.

358

00:39:48.870 --> 00:39:50.430

Joe Pellegrino: He may be on the call.

359

00:39:50.550 --> 00:39:51.750

Ken Berkson: yeah i'm here Mike.

360

00:39:53.460 --> 00:39:53.910

Mike Wacek: I just.

361

00:39:53.940 --> 00:40:06.390

Mike Wacek: I just looked up the investment policy statement I was going to look at that Appendix one, and I see it's dated march 2019 I thought we approved a new.

362

00:40:07.770 --> 00:40:08.700

Mike Wacek: essay.

363

00:40:09.810 --> 00:40:12.360

Mike Wacek: Like a couple of meetings ago on.

364

00:40:12.720 --> 00:40:17.430

Ken Berkson: Good we're waiting for the whole investment policy to be updated that we were going to post it.

365

00:40:17.640 --> 00:40:22.470

Mike Wacek: Oh, I see we've got because we've got that one amendment we haven't posted the but.

366

00:40:22.530 --> 00:40:28.500

Mike Wacek: neuberger is working with the with the asset allocation structure that we have.

367

00:40:28.890 --> 00:40:31.110

Savinelli, Michael: Even if we have it formally.

368

00:40:32.190 --> 00:40:33.570

Mike Wacek: Correct okay.

369

00:40:33.810 --> 00:40:34.140

Mike Wacek: Good.

370

00:40:34.260 --> 00:40:35.550

Joe Pellegrino: good to know okay.

371

00:40:36.870 --> 00:40:47.100

Savinelli, Michael: Next we've gone over the modeling analysis, the work that we do we get says a commitment plan you've seen a similar slide before just.

372

00:40:47.940 --> 00:40:59.250

Savinelli, Michael: Estimates of the pacing that we you know think is needed on a on a year by year basis, take into account a six and a quarter growth rate for the portfolio as well.

373

00:41:00.150 --> 00:41:15.750

Savinelli, Michael: So we've got this model doubt across several years on page 37 This is our forward looking at pipeline, as we see it today, I think the the nearest term visibility that that we see are the first two items.

374

00:41:16.530 --> 00:41:26.940

Savinelli, Michael: A continuation of the what's essentially an annual series of nb select opportunities fund prior three fund investments for the town have been.

375

00:41:27.510 --> 00:41:36.780

Savinelli, Michael: very successful we think it's a effective way to pool a portfolio of co investment opportunities and the performance says.

376

00:41:37.530 --> 00:41:45.120

Savinelli, Michael: Born itself out in doing so for the prior three funds so we'll be continuing that that series in the.

377

00:41:45.930 --> 00:41:56.010

Savinelli, Michael: In the first half will expect the first half of the year will expect the first capital call another continuation is the nb secondary opportunity fund five.

378

00:41:56.790 --> 00:42:06.990

Savinelli, Michael: The portfolio currently has exposure to this neuberger secondary team, the other strategic capital phone that's in the portfolio if they.

379

00:42:07.110 --> 00:42:16.260

Savinelli, Michael: secondaries are particularly attractive area focus for another pool type of component and the current environment so will be.

380

00:42:17.280 --> 00:42:20.340

Savinelli, Michael: diligent thing that and planning committee again and first half.

381

00:42:22.470 --> 00:42:31.560

Savinelli, Michael: Next line item, these are the opportunistic items that investments, whether they're called investor secondaries that we've discussed in off.

382

00:42:32.130 --> 00:42:45.390

Savinelli, Michael: meetings in the past, these are the you know kind of a direct ownership programs the 123 I think we had upwards of 5 million of a single transaction type commitments.

383

00:42:45.750 --> 00:42:58.530

Savinelli, Michael: we're always looking for these are always looking to incorporate these and appropriate fashion for the town's portfolio, so we want to have that flagged as in the pipeline for not only this year but next year and going forward as well.

384

00:43:00.360 --> 00:43:09.030

Savinelli, Michael: After those investments, we have the the neuberger private debt phone for with ID and a theory and fun, for these are both.

385

00:43:09.750 --> 00:43:22.350

Savinelli, Michael: kind of tie back to that underweight the private credit, we talked about and trying to narrow that gap when we are getting close to approvals on on either of these or any of these.

386

00:43:23.610 --> 00:43:34.020

Savinelli, Michael: Private debt or theory and fund, we would suggest that we have a more full some discussion with the board for clarity on what's going into the program timing, etc.

387

00:43:35.190 --> 00:43:41.490

Savinelli, Michael: May the may update with the p team should work if we need to do it any quicker will do so as we've done in the past.

388

00:43:42.420 --> 00:43:54.180

Savinelli, Michael: And then last two items additional primary commitments, just like the direct call invest in secondaries we're looking at direct primary commitments for the town as well in third party.

389

00:43:54.660 --> 00:44:12.300

Savinelli, Michael: GPS across equity credit and and private real estate and infrastructure and then again, we want to keep the select opportunities fund as a red you're recycling type of program given its shorter duration and quicker turnaround that's the.

390

00:44:13.320 --> 00:44:17.430

Savinelli, Michael: High Level pipeline that we see as of today, for private markets.

391

00:44:18.390 --> 00:44:19.740

Savinelli, Michael: Scott Scott.

392

00:44:19.980 --> 00:44:21.030

Joe Pellegrino: I know your hand is up.

393

00:44:22.440 --> 00:44:23.730

Joe Pellegrino: And you're still on mute.

394

00:44:25.290 --> 00:44:25.590

Joe Pellegrino: But.

395

00:44:26.190 --> 00:44:27.780

Joe Pellegrino: Do you want to give you.

396

00:44:27.870 --> 00:44:29.730

Savinelli, Michael: The floor to ask your questions.

397

00:44:29.850 --> 00:44:30.630

Scott Kalb: Oh i'm sorry.

398

00:44:31.410 --> 00:44:33.690

Scott Kalb: My stuff is a little bit backwards looking.

399

00:44:34.110 --> 00:44:35.850

Scott Kalb: I don't want to drag you down.

400

00:44:36.210 --> 00:44:40.050

Joe Pellegrino: that's Okay, I think we're open to discussion now so go ahead, if you have a question.

401

00:44:40.050 --> 00:44:44.850

Scott Kalb: Alright, so I just had a couple of points, one is your visit.

402

00:44:44.910 --> 00:44:46.080

Savinelli, Michael: A little wonky but.

403

00:44:46.650 --> 00:44:48.420

Scott Kalb: If you go back to I guess.

404

00:44:49.980 --> 00:44:51.360

Scott Kalb: page two it was.

405

00:44:52.770 --> 00:44:55.860

Scott Kalb: Page 22 sorry, you are, I think that.

406

00:44:57.450 --> 00:45:07.260

Scott Kalb: We probably better off with a different commodities benchmark so you've got the s&p GS ci index.

407

00:45:07.260 --> 00:45:09.240

Scott Kalb: As the benchmark with that benchmark is about.

408

00:45:09.240 --> 00:45:20.880

Scott Kalb: 70% weighted in oil so by definition you're our performance is going to be, you know we're going to outperform or underperformed depending upon what we do with oil.

409

00:45:22.380 --> 00:45:35.430

Scott Kalb: And it's just going to create volatility and it may potentially misguide us, so I would I know that there are some other commodity benchmarks out there that are less skewed that way, a little bit more diversified so.

410

00:45:36.990 --> 00:45:37.200

Scott Kalb: In the.

411

00:45:37.560 --> 00:45:45.990

White, Andrew: Commodity index, is that the Bloomberg commodity index was more 5050 boil and everything else so that's a good point and that's that's more representative benchmark.

412

00:45:46.500 --> 00:45:46.830

Scott Kalb: yeah.

413

00:45:46.860 --> 00:45:47.670

White, Andrew: I just think that.

414

00:45:47.700 --> 00:45:53.310

Scott Kalb: You know i'm not sure we want to be driving when we think about commodities i'm not sure we want to be driving ourselves to.

415

00:45:53.310 --> 00:45:55.680

Scott Kalb: be mostly an oil so that's just one point.

416

00:45:55.920 --> 00:45:57.180

Scott Kalb: The other one is I sort of agree.

417

00:45:57.180 --> 00:45:57.510

With.

418

00:46:00.780 --> 00:46:04.110

Scott Kalb: With, I guess, this was on your.

419

00:46:07.830 --> 00:46:09.090

Scott Kalb: Just allocation.

420

00:46:11.310 --> 00:46:11.820

Scott Kalb: So.

421

00:46:12.450 --> 00:46:17.070

Scott Kalb: I sort of agree with, I guess 30 page 30.

422

00:46:20.640 --> 00:46:21.030

Scott Kalb: No.

423

00:46:21.330 --> 00:46:23.040

Scott Kalb: i'm sorry I don't know page but anyway.

424

00:46:23.220 --> 00:46:29.100

Scott Kalb: I sort of agree with the point that Miriam was making, which is that I think that agencies.

425

00:46:30.870 --> 00:46:39.150

Scott Kalb: You know Fannie Mae sallie Mae Freddie Mae Freddie Mac sorry, these are all now own their government owned.

426

00:46:39.210 --> 00:46:41.190

Scott Kalb: They used to be affiliated but.

427

00:46:41.310 --> 00:46:49.050

Scott Kalb: The government owns them, that means they're backed by the full faith and credit of the US Government, so I think that those should be classified.

428

00:46:51.450 --> 00:47:09.090

Scott Kalb: Under defensive their US government bonds i'm not suggesting that you should have a waiting in them, but I don't think that they belong in in you know in growth, this certainly so that might be another arrow in your quiver for defensive because they're they're US government bonds basically.

429

00:47:10.380 --> 00:47:13.860

Scott Kalb: So i'm not again i'm not suggesting you haven't, but I think that that's that should be.

430

00:47:13.890 --> 00:47:18.300

Scott Kalb: there as a all term there may be a time when we want to own them and.

431

00:47:18.780 --> 00:47:23.940

Scott Kalb: The trade would be selling down treasuries and owning those government bonds.

432

00:47:25.200 --> 00:47:27.360

Scott Kalb: On your risk statistics.

433

00:47:29.610 --> 00:47:37.380

Scott Kalb: You know, we only talk about volatility I don't know if there's any other risk guidelines that we want to.

434

00:47:38.430 --> 00:47:39.960

Scott Kalb: Have on this page.

435

00:47:40.320 --> 00:47:41.550

Scott Kalb: You know, maybe that's a more.

436

00:47:41.670 --> 00:47:42.870

Savinelli, Michael: person session.

437

00:47:45.120 --> 00:47:45.540

Savinelli, Michael: terms of.

438

00:47:45.630 --> 00:47:46.950

Scott Kalb: constraints, we want to have are.

439

00:47:46.950 --> 00:47:49.050

Scott Kalb: Things that we want to be able to point to.

440

00:47:52.170 --> 00:47:55.800

Scott Kalb: And then I guess finally on the private markets, what you were saying was the.

441

00:47:57.750 --> 00:48:04.560

Scott Kalb: You were talking about just a moment ago, you were discussing the Co investments.

442

00:48:05.700 --> 00:48:06.210

Scott Kalb: and

443

00:48:08.760 --> 00:48:09.750

Scott Kalb: You know that we've got some.

444

00:48:09.780 --> 00:48:10.440

Savinelli, Michael: Up up.

445

00:48:10.620 --> 00:48:12.510

Scott Kalb: mystic direct co investments.

446

00:48:12.600 --> 00:48:24.900

Scott Kalb: And then there's some other Co investments and i'm just wondering, is that going to be only held within a fund or are we planning to build up, I know that we had some opportunistic you know some opportunities to.

447

00:48:26.220 --> 00:48:39.180

Scott Kalb: that some of our funds may offer us co investment opportunities and i'm just wondering where those get held and how those get accounted we have a separate bucket are we going to build those up or is it only inside the phone.

448

00:48:42.480 --> 00:48:52.530

Savinelli, Michael: All the above, I the select opportunities Fund is a fun vehicle that is focused on co investment opportunities in a pool pools commingle fashion, some of the.

449

00:48:52.980 --> 00:49:12.330

Savinelli, Michael: more diversified fund to fund programs, they also have called investment small co investment allocations within them and then additionally what we want to focus on as much as possible going forward are those direct kind of single line item opportunities we understand that it's a.

450

00:49:13.380 --> 00:49:19.020

Savinelli, Michael: An administrative burden, in some cases to have single line items for the what we think are a.

451

00:49:20.190 --> 00:49:34.290

Savinelli, Michael: Basically, a portfolio of those types of opportunities, so we are looking into thinking about wondering what the best reflection of that is whether it's a fund of one fund have one for Helen vets only.

452

00:49:36.060 --> 00:49:40.860

Scott Kalb: yeah so I don't want to spend a lot of time talking about it but i'm happy to have a discussion offline.

453

00:49:40.860 --> 00:49:41.700

Savinelli, Michael: or or.

454

00:49:41.820 --> 00:49:46.170

Scott Kalb: or whatever, because I have some experience in technology with that, I mean.

455

00:49:46.200 --> 00:49:48.120

Scott Kalb: I think it's generally a good idea.

456

00:49:48.150 --> 00:49:52.410

Scott Kalb: That, as you know, I think it's great that as a fun we're being offered these opportunities.

457

00:49:52.950 --> 00:49:58.680

Scott Kalb: And I think we want to take advantage of them because we're getting them because we're invested in these fun and.

458

00:49:59.400 --> 00:50:10.680

Scott Kalb: The opportunities come up to sort of take an extra you know investment, but I think that, in terms of accounting form you don't want to litter your balance sheet with individual positions necessarily want to figure out a way to put them together.

459

00:50:12.180 --> 00:50:15.510

Scott Kalb: And that's just for accounting purposes so happy to chat about that, otherwise, but.

460

00:50:15.540 --> 00:50:25.200

Savinelli, Michael: yeah that we would welcome the discussion Scott, we we would agree with that ministry to perspective, having coin, or you have your hand up.

461

00:50:27.090 --> 00:50:44.550

Kevin Coyner: yeah just a question about pages 36 and 37 or sure on right now page 36 shows kind of our commitment plan to be for this year around 20 million maybe 22 million or 25 million next year and then looking at page 37 we're looking at.

462

00:50:45.630 --> 00:50:52.980

Kevin Coyner: select opportunities for an opportunity fund five in the first half of this year, taking about 20 million.

463

00:50:53.520 --> 00:51:05.190

Kevin Coyner: So, I guess, I mean it's possible I guess that you have allocations to others, but I just wondering if you really actually do have things teed up, I guess, in this first half for those two neuberger funds.

464

00:51:06.600 --> 00:51:08.160

Kevin Coyner: As opposed to any others and.

465

00:51:09.240 --> 00:51:16.590

Kevin Coyner: The other thing would be I guess you know in private, as you will know, and private investments there's.

466

00:51:17.190 --> 00:51:26.940

Kevin Coyner: Timing plays a big role in it, and so, sometimes you have to keep your powder dry, are you feeling like you're compelled to make investments of around 20 million this year just because it's your pacing plan.

467

00:51:27.510 --> 00:51:36.060

Kevin Coyner: Or you kind of going to at least look at things that evaluate and decide whether or not you know, there might be better opportunities if we wait a year, or maybe even two.

468

00:51:37.320 --> 00:51:45.780

Kevin Coyner: I know you're always looking for some small opportunities, but basically do you feel compelled to always invest to the 20 to 25 million because that's our facing plan.

469

00:51:47.850 --> 00:51:57.720

White, Andrew: So i'll take a whack at that, so the 20 to 25 is a target, but we can be under over that depending on market opportunity in the Opera in the deals that we're seeing.

470

00:51:58.830 --> 00:52:07.020

White, Andrew: And, and also, so we we have been underway here private markets target for several years and we're comfortable with that, given that we're late cycle.

471

00:52:07.980 --> 00:52:17.910

White, Andrew: We actually find the environment to be more attractive, right now, given that we're early cycle and there's still some kind of wreckage to take advantage of from the code crisis so.

472

00:52:18.510 --> 00:52:30.060

White, Andrew: As you see, we've already got 20 million earmarks, which is the target amount for this year, more and and I and our teams have been talking and we're comfortable with them if they want to over allocate.

473

00:52:30.060 --> 00:52:33.780

White, Andrew: Somewhat this year in the gift if the opportunities are there.

474

00:52:35.160 --> 00:52:41.040

White, Andrew: And so, you know that that's what they could be bringing forward but that that 20 to 25 million.

475

00:52:41.550 --> 00:52:50.490

White, Andrew: Is a target if we if we're if we're under it by too much, we risk not being at your targets over time because it's hard to dig out of that hole if you get if you get much under allocated.

476

00:52:50.970 --> 00:53:02.190

White, Andrew: But it's always you know it's always a guideline and a target as opposed to we feel compelled to add to absolutely just do that number it's going to be driven by opportunities than the overall market environment.

477

00:53:03.630 --> 00:53:13.710

Kevin Coyner: And if you were to overweight in a particular year like this year let's say if he was thinking around 20 million how much, would you consider over waiting 5,000,010 million or.

478

00:53:15.000 --> 00:53:15.390

Kevin Coyner: You know.

479

00:53:16.500 --> 00:53:26.850

White, Andrew: yeah I would think yeah I would think in that five to 10 million space and then we're going to redo the modeling for next year, and maybe next year it's not 25 maybe it's funny.

480

00:53:27.990 --> 00:53:38.220

White, Andrew: Or if public markets run up a lot, you know we may you know we may be allocating more it depends on the overall market environment will keep updating and adjusting those those models.

481

00:53:39.480 --> 00:53:47.430

Kevin Coyner: I you know the reason I raised this is i'm just concerned that, if we start to see really good opportunities you start investing and finding lots of opportunities.

482

00:53:49.260 --> 00:53:56.730

Kevin Coyner: That we might start committing more substantially more and then actually kind of handcuff ourselves in the future if a lot of those.

483

00:53:56.730 --> 00:53:58.320

Kevin Coyner: Commitments were to come to.

484

00:53:58.440 --> 00:54:01.260

Kevin Coyner: relatively quickly and we haven't had that.

485

00:54:01.260 --> 00:54:02.700

Kevin Coyner: happen very you know.

486

00:54:02.760 --> 00:54:05.520

Kevin Coyner: But it's always a possibility, when you make a commitment.

487

00:54:06.570 --> 00:54:13.770

Kevin Coyner: You know you have to honor that commitment, and I just hate to see a lot of that come do all at once, such basically.

488

00:54:14.970 --> 00:54:17.160

Kevin Coyner: caused us a little bit of liquidity problem.

489

00:54:18.300 --> 00:54:24.450

White, Andrew: yeah absolutely it's a really important point we've been as you point out we've been kind of, on the other side of that for for the last number of years.

490

00:54:24.900 --> 00:54:32.190

White, Andrew: And we are extremely cognizant of the fact that we don't want to put ourselves in a position where we can't take advantage of opportunities in the future and.

491

00:54:32.910 --> 00:54:35.820

White, Andrew: Luckily, the rest of your program is extraordinarily liquid.

492

00:54:36.600 --> 00:54:44.280

White, Andrew: and your you know your liabilities are long long term, so we, we feel, as we manage the overall program that we would.

493

00:54:44.550 --> 00:54:54.900

White, Andrew: would be able to take advantage of opportunities if they rose, even if markets, you know public markets sold off and and that's always an important part of the analysis as more in team build that is a model.

494

00:54:58.020 --> 00:54:58.410

Kevin Coyner: Thanks.

495

00:54:59.010 --> 00:54:59.400

Okay.

496

00:55:00.450 --> 00:55:03.390

Joe Pellegrino: All right, I think that takes us through.

497

00:55:08.910 --> 00:55:16.590

Savinelli, Michael: The two more quick updates I can I can be brief, just on on past discussions we've had on on private markets, there were two of these direct.

498

00:55:17.610 --> 00:55:20.010

Savinelli, Michael: opportunities that we've discussed in the last three months.

499

00:55:21.270 --> 00:55:30.270

Savinelli, Michael: i'll start with the one that was we called it, it was project cornerstone, this was a direct secondary purchase that also had a.

500

00:55:31.350 --> 00:55:40.830

Savinelli, Michael: staple primary component to it as well the board and in us, you know, discuss the opportunity set is about a 5 million in total opportunity said.

501

00:55:42.000 --> 00:55:48.510

Savinelli, Michael: Unfortunately, it was I don't say too good to be true, but there were some accelerated.

502

00:55:49.050 --> 00:55:57.240

Savinelli, Michael: monetization with modernizations within that portfolio that led the limited partners in the Fund to reject the tender offer.

503

00:55:57.990 --> 00:56:11.370

Savinelli, Michael: To make that sale, so we we made to incrementally larger bids in order to still capture that opportunity both were rejected, we didn't want to stretch any further.

504

00:56:11.970 --> 00:56:20.640

Savinelli, Michael: So if you recall that that deal that we discussed unfortunately it's, one that is not proceeding in any fashion, we didn't get outbid.

505

00:56:21.060 --> 00:56:32.880

Savinelli, Michael: The lps just chose to to not offer their interests at far the tender process so unfortunately that's one deal that we won't be pursuing for the town.

506

00:56:33.840 --> 00:56:41.310

Savinelli, Michael: But on the flip side, good news, the more recent deal project mystic, which is a small \$2 million direct secondary.

507

00:56:41.820 --> 00:56:48.960

Savinelli, Michael: purchase is progressing, we expect in a matter of a week or two to have that closed so come this time.

508

00:56:49.350 --> 00:56:57.180

Savinelli, Michael: When we're reviewing q1 performance, we will have that as an additional direct secondary opportunity in the portfolio.

509

00:56:57.750 --> 00:57:09.210

Savinelli, Michael: reminder on project mystic it's the we sat around a redacted I see memo from our team that did the underwriting it's a we're buying essentially.

510

00:57:09.930 --> 00:57:20.970

Savinelli, Michael: Seven remaining assets of 2012 buyout fund vintage vinyl fund therefore asked for companies in that portfolio that make up about 85% of the transaction.

511

00:57:21.360 --> 00:57:29.220

Savinelli, Michael: That we think we have good visibility on on their businesses opportunity sets and growth for them going forward we're underwriting to a.

512

00:57:29.610 --> 00:57:43.320

Savinelli, Michael: 15 to 24% net irr as part of our process underwriting process, and we think it's a relatively tight distribution of tails on either side of those as well and it's a.

513

00:57:45.030 --> 00:57:58.890

Savinelli, Michael: 1.6 to 2.2 mo ic underwriting as well, so it's an example of the type of return target that type of visibility, the type of sizing we're looking at for those direct call investments and secondaries.

514

00:57:59.280 --> 00:58:07.020

Savinelli, Michael: And that we are actively pursuing those for the town's portfolio and I hope the the ice memo that we shared with the board.

515

00:58:07.830 --> 00:58:25.020

Savinelli, Michael: At the very least, highlights the depth and breadth of the diligence that we're doing as part of this underwriting process, and that was a redacted condensed version, not the ic memo as well, so just want to highlight those two prior discussions as well to the board.

516

00:58:26.160 --> 00:58:33.180

Joe Pellegrino: Thank you Okay, no further discussion thanks guys appreciate your presentation this morning Keep up the good work.

517

00:58:34.350 --> 00:58:39.060

Savinelli, Michael: No new business everybody yeah okay brings us to old business.

518

00:58:39.990 --> 00:58:42.900

Joe Pellegrino: Private market investments do we have Ken with us.

519

00:58:45.900 --> 00:58:46.260

Ken Berkson: yeah.

520

00:58:47.190 --> 00:58:50.010

Joe Pellegrino: Okay hi good morning okay.

521

00:58:50.610 --> 00:59:06.540

Joe Pellegrino: Private market investments let's see what we got here, the amendment ips and my understanding is Mike lasik and I everyone has worked their way through this and everyone's that at peace with where we are.

522

00:59:08.880 --> 00:59:10.470

Mike Wacek: Yes, that's correct from my standpoint.

523

00:59:11.100 --> 00:59:18.720

Aamina Ahmad: That is correct, and I believe that the amendments have also been approved by neuberger or at least reviewed and approved by.

524

00:59:19.230 --> 00:59:22.770

Joe Pellegrino: Okay, any further discussion on this topic.

525

00:59:26.070 --> 00:59:27.180

Mike Wacek: I would move adoption.

526

00:59:27.900 --> 00:59:29.430

Peter Mynarski: Okay, a second.

527

00:59:30.120 --> 00:59:32.370

Joe Pellegrino: Okay, all in favor Aye.

528

00:59:34.800 --> 00:59:35.460

Joe Pellegrino: animus.

529

00:59:36.510 --> 00:59:39.030

Joe Pellegrino: wow was that easy i'm gonna or one.

530

00:59:39.990 --> 00:59:40.860

Aamina Ahmad: particularly easy.

531

00:59:41.250 --> 00:59:44.280

Joe Pellegrino: So okay neuberger Berman contract.

532

00:59:45.480 --> 01:00:03.420

Joe Pellegrino: This, I believe it's just a discussion and I don't again I don't know if I have Ken with us or not, but there's a discussion of getting the neuberger con contract in alignment with our other two vendors, that being Greg stump and Boomer shine and.

533

01:00:04.710 --> 01:00:12.720

Joe Pellegrino: The firm that does the we call the direct contribution side of for the.

534

01:00:13.890 --> 01:00:20.100

Joe Pellegrino: um is there, less have any discussion on what we're trying to accomplish here.

535

01:00:22.860 --> 01:00:25.260

Mike Wacek: What do you mean by trying to get them into alignment.

536

01:00:26.100 --> 01:00:36.300

Joe Pellegrino: um, it has to do with the option years I believe our other contracts have to one year option hears.

537

01:00:36.840 --> 01:00:49.170

Joe Pellegrino: So we're trying to get new burger to actually fit into the same structure to one year option years not withstanding one of my favorite words in the law profession i'm.

538

01:00:49.710 --> 01:01:04.200

Joe Pellegrino: Not what standing um we have the right to terminate any of our vendors on 30 days notice so it's just that I think neuberger was coming back and looking for correct me from wrong Amina.

539

01:01:04.710 --> 01:01:18.180

Joe Pellegrino: They were looking for like an evergreen clause of there will always be the one year option in place, but this does is it ties it to a limitation of just to one year options.

540

01:01:18.510 --> 01:01:33.030

Joe Pellegrino: It all ties together so that the board can then assess at any point in time, but then can assess within two years, are they going to go to the market and look for other competing bids for services being rendered.

541

01:01:34.260 --> 01:01:35.220

Joe Pellegrino: Does that explain it.

542

01:01:36.660 --> 01:01:36.990

Joe Pellegrino: i'm gonna.

543

01:01:37.530 --> 01:01:38.820

Joe Pellegrino: Have I laid this one out well.

544

01:01:39.150 --> 01:01:57.420

Aamina Ahmad: that's correct Mr Chairman, so neuberger sent us a draft amendment which essentially says that this contract may be extended for 12 month periods without any end so I didn't think it would be appropriate to do that.

545

01:01:58.470 --> 01:02:05.490

Aamina Ahmad: Especially with the public bidding issue that might come up if we agree to terms like that or.

546

01:02:07.350 --> 01:02:26.820

Joe Pellegrino: Questions discussion anyone from the board any issues here from you got from boards point of view, no Okay, do we do we need a motion here to accept your your your proposal that we conform the neuberger contract to the other existing contracts.

547

01:02:27.600 --> 01:02:31.710

Aamina Ahmad: Yes, that would be great and then I can finalize the amendment.

548

01:02:32.070 --> 01:02:34.860

Joe Pellegrino: Okay, with someone like to make that motion.

549

01:02:35.760 --> 01:02:36.360

Andrew Greco: So second.

550

01:02:37.110 --> 01:02:37.830

Joe Pellegrino: I got a second.

551

01:02:38.850 --> 01:02:42.150

Joe Pellegrino: With our ski why don't you make the motion, so they already have a second.

552

01:02:42.300 --> 01:02:42.990

Peter Mynarski: So moved.

553

01:02:43.140 --> 01:02:46.050

Joe Pellegrino: Thank you all in favor Aye.

554

01:02:47.070 --> 01:02:47.280

Peter Mynarski: Aye.

555

01:02:47.370 --> 01:02:51.090

Joe Pellegrino: animus done i'm gonna awesome work again.

556

01:02:51.510 --> 01:02:52.050

Aamina Ahmad: Thank you.

557

01:02:52.470 --> 01:02:55.740

Joe Pellegrino: All right, that brings us to the administrators report.

558

01:02:58.320 --> 01:03:00.090

Ken Berkson: Okay hi everyone um.

559

01:03:00.120 --> 01:03:09.390

Ken Berkson: I will just go through a summary of some of the items on the list just want to do something on today we just found out on Wednesday, that our contact.

560

01:03:10.170 --> 01:03:26.850

Ken Berkson: At milliman main contact will remain with the plan, but she's actually been promoted to a more managerial role so she won't really be involved in day to day items, but she will be involved with the town, but the good news is they gave us an extra new person to work with us so.

561

01:03:28.200 --> 01:03:34.290

Ken Berkson: Instead of having one main contact We probably have now one main contact a little bit of somebody else so.

562

01:03:35.370 --> 01:03:36.990

Ken Berkson: day to day, so that should be helpful.

563

01:03:38.340 --> 01:03:49.140

Ken Berkson: Regarding the assumption change that was brought in by the board we're working on that I was i've been speaking with Greg stump and.

564

01:03:50.400 --> 01:03:57.150

Ken Berkson: He will be presenting at a future board meeting a comparison of the old and new.

565

01:03:58.290 --> 01:04:09.690

Ken Berkson: factors for the board, because it was brought to our attention that there is the ursa rule, which you know the plan doesn't need to follow, but we do use as a guideline.

566

01:04:10.440 --> 01:04:24.090

Ken Berkson: Where you use a look back period of one year, and you give the participant a greater of the to benefit factors so in speaking with Greg we're gonna he's gonna work up with comparison for the board and.

567

01:04:26.010 --> 01:04:36.090

Ken Berkson: You know, you could discuss if you want to just implement the right away, or you want to do to when you look back, looking at the numbers, he did say it sounds like you know it will probably be minimal changes some plus some negative.

568

01:04:37.140 --> 01:04:39.990

Ken Berkson: But it's something you may want to discuss.

569

01:04:42.090 --> 01:04:58.320

Ken Berkson: And that will be in a future meeting the payroll issue that we discovered, it is progressing we have about a dozen files that we need to fix with 800 people on them, so that is progressing well we're reviewing every payroll file.

570

01:04:59.670 --> 01:05:02.700

Ken Berkson: And this is accurate payroll as it comes in.

571

01:05:03.900 --> 01:05:14.010

Ken Berkson: Mary is working with a dp married pepe is working with a dp to resolve this issue as well as other is the town's having with the tp.

572

01:05:15.570 --> 01:05:18.060

Ken Berkson: New transfer to the vantage platform.

573

01:05:19.830 --> 01:05:37.020

Ken Berkson: Regarding the election, it is next Friday the Fifth, we will have a communication piece, that is going to be mailed out, it was emailed yesterday, it also will be placed in the mail I think Daniela from one, let me know, I think, by Friday.

574

01:05:38.400 --> 01:05:56.700

Ken Berkson: Kevin right now is the only nominee there is right in spaces available and the election will be changed, due to the copyright restrictions we work with our and fanelli and Caroline and kumbh mela and it will be at police.

575

01:05:57.900 --> 01:06:08.100

Ken Berkson: department in their lobby from 12 to 3pm so there's two changes there that were notifying all the participants through mail and email there'll be.

576

01:06:09.720 --> 01:06:14.700

Ken Berkson: placards outside town hall to tell them, you know they need to go to the police department.

577

01:06:16.050 --> 01:06:21.480

Ken Berkson: And into the lobby and it will be from 12 to three, as opposed to other times.

578

01:06:23.460 --> 01:06:29.910

Ken Berkson: And the final thing I wanted to bring I did email the board with some Mr Ms regarding an overpayment.

579

01:06:30.960 --> 01:06:35.910

Ken Berkson: From 2012 that was given to a fireman.

580

01:06:37.140 --> 01:06:41.280

Ken Berkson: in Arabic, he was given an extra \$2,000 a month.

581

01:06:42.780 --> 01:06:54.570

Ken Berkson: For 10 months, he overpaid if he was a little of \$18,000 and the discussion at the time was to just have them pay through actual equivalent, which is in the.

582

01:06:56.670 --> 01:07:11.340

Ken Berkson: charter, he has i've heard consistently come back and question that before my time and he has recently come back now into town hall and expressed some concern about it, and I did speak with.

583

01:07:12.390 --> 01:07:21.360

Ken Berkson: Legal I spoke with almond about this, and she feels that we do have the opportunity, since it was a town we're looking at as a town mistake.

584

01:07:22.620 --> 01:07:32.850

Ken Berkson: That we we allow them to pay back the \$18,000 just with no interest so he's been paying about \$150 a month.

585

01:07:33.450 --> 01:07:40.830

Ken Berkson: We would divide that into the 18,000 I think it comes out to about 10 years or something and then after that we were bumped him up.

586

01:07:41.730 --> 01:07:52.980

Ken Berkson: back to his original amount so in speaking with Joe about this, he just figured i'd mentioned it's a board and see if there were any objections to that new method.

587

01:07:54.240 --> 01:07:54.510

Ken Berkson: Yes.

588

01:07:54.690 --> 01:07:55.260

Joe Pellegrino: Yes, my.

589

01:07:56.160 --> 01:08:08.310

Mike Wacek: So I don't understand the bit about the actuarial equivalent what is if if we overpaid and by \$18,000 that's a fixed sum of money is not an actual number.

590

01:08:08.940 --> 01:08:09.900

Mike Wacek: of it but.

591

01:08:09.960 --> 01:08:23.430

Ken Berkson: It was in the Minutes, I sent I just looking back in history, from the 2012 minutes and it looks like the decision was based on Section three I don't think it's section to 10 I don't have it in front of me right away i'll say the second.

592

01:08:29.790 --> 01:08:43.890

Ken Berkson: That that the second but it's there's a section of town shorter that it's it's under fraud and it says, if someone is overpaid are underpaid due to you know that situation, the board May.

593

01:08:45.000 --> 01:09:05.670

Ken Berkson: elect to recoup the overpayments through the actual equivalence so that was what was utilized for this person to recoup the overpayments and

speaking with Amina recently there was the word may and this really wasn't a fraud, it was a mistake made by the town, on behalf of the participant.

594

01:09:06.690 --> 01:09:09.030

Ken Berkson: He didn't really do anything wrong.

595

01:09:10.950 --> 01:09:12.930

Joe Pellegrino: So I can let me interrupt for a moment.

596

01:09:13.950 --> 01:09:19.770

Joe Pellegrino: and correct me if i'm wrong, I thought that, after the 10 month period where is overpaid it was.

597

01:09:23.820 --> 01:09:29.550

Joe Pellegrino: discovered and that, from that point on, he has been repaying the \$18,000.

598

01:09:29.550 --> 01:09:32.790

Joe Pellegrino: Correct three Jackie was already paid.

599

01:09:33.180 --> 01:09:39.090

Joe Pellegrino: From that from 2012 till now how much as he paid back essentially ballpark it.

600

01:09:39.570 --> 01:09:42.900

Ken Berkson: pretty much about probably 14 \$15,000 right.

601

01:09:43.170 --> 01:09:46.980

Ken Berkson: So is it but based on the X Ray equivalent he will pay for the rest of his life right.

602

01:09:47.100 --> 01:10:03.420

Joe Pellegrino: So here's the issue right and we know what the facts are we know these paid back about \$14,000 what's is it are we allowed to ask what is ages there's not going to be a is that a violation of.

603

01:10:04.500 --> 01:10:08.250

Joe Pellegrino: P Charles what roughly how old.

604

01:10:08.280 --> 01:10:12.960

Ken Berkson: How old is, I will say that he is reaching his Expo equivalents.

605

01:10:14.970 --> 01:10:18.240

Joe Pellegrino: to live this actuarial equivalent okay.

606

01:10:18.450 --> 01:10:20.550

Ken Berkson: So I basically he's where'd he.

607

01:10:21.120 --> 01:10:25.350

Joe Pellegrino: You know, expected as a nice way of putting it so let's put it this way.

608

01:10:26.010 --> 01:10:35.820

Joe Pellegrino: he's almost done paying us back the question is, are we going to have him continue paying us for the rest of his life because that's what would happen.

609

01:10:36.420 --> 01:10:47.430

Joe Pellegrino: um because the additional payment above the 18,000 is basically all interest income that's the actuarial equivalent we're talking about.

610

01:10:47.970 --> 01:10:56.460

Joe Pellegrino: My personal opinion, and this is subject to the you you the Board is given the fact that it was a terrible mistake.

611

01:10:57.150 --> 01:11:07.470

Joe Pellegrino: i'm not actually inclined to feel like this is a person who has to pay us back interest on our money when he will end up paying for the rest of his life.

612

01:11:07.920 --> 01:11:19.020

Joe Pellegrino: i'd rather see him pay the full amount back and then stop charging them interest if you people if you collectively disagree that's fine but that's where I come out on it.

613

01:11:19.320 --> 01:11:26.370

Joe Pellegrino: And this is a case of how do you look at fairness, how do you look at treating people the way you want to be treated.

614

01:11:26.730 --> 01:11:35.940

Joe Pellegrino: And that's where I come out on it, I don't feel like we're just servicing the plan, because the plan will recover the money that it mistakenly paid out.

615

01:11:36.330 --> 01:11:48.360

Joe Pellegrino: The plan will not receive interest on its money, but in a sense, because we made the mistake I look at that as kind of the trade off for what's the right way to treat this person.

616

01:11:50.460 --> 01:11:50.700

Yes.

617

01:11:51.840 --> 01:12:10.710

Mike Wacek: So let me, let me ask a further question my my my understanding, given what can described is that what we what was done when the mistake was made was that his formula benefit was adjusted.

618

01:12:10.770 --> 01:12:17.280

Mike Wacek: Yes to reduce it by effectively the actuarial present value of that \$18,000.

619

01:12:17.850 --> 01:12:27.060

Mike Wacek: Right so his pension was adjusted to reflect what effectively like what \$18,000 buys in as a monthly benefit.

620

01:12:27.330 --> 01:12:38.820

Joe Pellegrino: Right well, let me, let me copy out that remember the discount rate at that time was 7% so he's paying 7% interest back to the town since 2012.

621

01:12:40.320 --> 01:12:40.770

Mike Wacek: The.

622

01:12:41.070 --> 01:12:41.520

Joe Pellegrino: You make.

623

01:12:42.420 --> 01:12:50.340

Mike Wacek: Your money, but we could we could, it seems to me that if we can get ourselves back in time to when the mistake was fun, we could have either said.

624

01:12:50.850 --> 01:13:02.010

Mike Wacek: Look, you pay back the \$18,000 over some period of time at some interest rate or we adjust your pension benefit, based on the actuarial equivalent um and.

625

01:13:03.600 --> 01:13:09.090

Mike Wacek: Those either one of those would have you know, been reasonable things to do.

626

01:13:09.540 --> 01:13:23.370

Mike Wacek: But if the board at the time, made the adjustment on actuarial equivalence that's a totally fair way to do it and to now go back and say Oh, we shouldn't actually enforce that because he might know up paying us more.

627

01:13:24.150 --> 01:13:37.770

Mike Wacek: I to me that doesn't make any sense what we did was make a totally appropriate fair adjustment at the time, and we should stick with it, I don't see any basis for changing our minds about that okay.

628

01:13:38.430 --> 01:13:41.190

Joe Pellegrino: i'm David Weiss project had your hand up.

629

01:13:42.690 --> 01:13:53.820

David Weisbrod: ya know my concern is the era and since menosky is on the line here, I think we should look at the reason why we made the error, as an audit committee, a matter for the BT.

630

01:13:55.080 --> 01:13:56.310

Joe Pellegrino: Because back to 2012.

631

01:13:57.630 --> 01:14:11.130

David Weisbrod: yeah I mean it may be that it's something that's been addressed fixed and not a concern, in which case that's fine I would trust menosky to make that determination and if that's the case then that's the extent of my comment.

632

01:14:13.290 --> 01:14:23.790

David Weisbrod: I have no no horse in the race, as far as how you determine among yourselves on the retirement committee it doesn't really hit him materiality threshold.

633

01:14:24.900 --> 01:14:37.740

David Weisbrod: And it's your purview so I don't comment on that I think mike's comment makes sense, but i'm not really as concerned, I am concerned, from an operational risk perspective that we button this down and that.

634

01:14:37.770 --> 01:14:46.020

David Weisbrod: That over presents itself to the town that's all because me it doesn't i'm satisfied with that p.

635

01:14:46.080 --> 01:14:55.020

Joe Pellegrino: You want to address Davis, and which will also address where you come out on on this issue of the payment from this participant.

636

01:14:55.680 --> 01:15:07.860

Peter Mynarski: Through through the Chair to Mr weisbrod hey are you asking that this matter be referred to the audit committee, or are you asking to expand it.

637

01:15:08.550 --> 01:15:20.010

Peter Mynarski: and have the audit committee through boone Shapiro formerly boom Shapiro now cla to some type of an audit, which was planned, which is any order plan.

638

01:15:20.610 --> 01:15:21.150

Peter Mynarski: Well, you.

639

01:15:21.390 --> 01:15:41.730

David Weisbrod: yeah be clear, I was not aware that this goes back to them in the US to 2012, so I would just refer to your judgment P, given my confidence in you to look at this and you know give give give advice to the audit committee, however, you think is the most appropriate way for us to proceed.

640

01:15:42.660 --> 01:15:43.110

Okay.

641

01:15:44.190 --> 01:15:44.970

Peter Mynarski: Mr Chairman.

642

01:15:45.150 --> 01:16:02.340

Peter Mynarski: yeah I I will assume the responsibility of talking offline with Ken berkson and try to understand fully what the issue is is as far as why the arrow is made, and then report it to the audit committee in February.

643

01:16:02.700 --> 01:16:03.840

Joe Pellegrino: Okay, so.

644

01:16:03.900 --> 01:16:08.370

Peter Mynarski: So this is so, this is just to be clear, this is no longer a retirement.

645

01:16:09.660 --> 01:16:12.240

Peter Mynarski: issue unless we vote on something now correct.

646

01:16:12.810 --> 01:16:19.530

Joe Pellegrino: Correct so the request from David is as an audit committee member of the BT Is that correct.

647

01:16:21.600 --> 01:16:24.330

David Weisbrod: Yes, that's correct Mr Chairman, thank you.

648

01:16:25.230 --> 01:16:36.180

Joe Pellegrino: Okay um so Peter, while I still have you for a moment, where do you come out in this discussion, the herd and essentially heard the two sides of the coin Mike is his point of view, I have my point of view.

649

01:16:36.480 --> 01:16:41.910

Joe Pellegrino: I think we are going to have to have a vote on this, because we all just personal response.

650

01:16:41.940 --> 01:16:52.320

Joe Pellegrino: In coming in and trying to play this case is case being um I would you know he wants to pay us back, obviously, but the Oh well.

651

01:16:53.550 --> 01:17:03.540

Joe Pellegrino: hold on the owners of the interest component is something that is within our domain if we if we want to adjust it or not, Mike.

652

01:17:04.170 --> 01:17:16.980

Joe Pellegrino: In all fairness, this is right, a deal was a deal back in 2012 we don't have to do anything but we couldn't do something so that's the question I think before us and where do you where you come out and I am going to ask you, Andrew.

653

01:17:17.220 --> 01:17:18.270

Joe Pellegrino: And you can use.

654

01:17:18.390 --> 01:17:20.760

Joe Pellegrino: Because, everyone should have a say on this.

655

01:17:20.850 --> 01:17:27.540

Peter Mynarski: Is is the is the recommendation of Amina I don't know if i'm in a salon to waive the interest.

656

01:17:29.940 --> 01:17:33.600

Ken Berkson: She did not give a recommendation, she just said it was acceptable.

657

01:17:34.290 --> 01:17:38.970

Peter Mynarski: So the motion is going to be to the five of us is to wait wave to interest.

658

01:17:39.150 --> 01:17:39.630

Yes.

659

01:17:41.070 --> 01:17:41.370

Mike Wacek: I.

660

01:17:41.520 --> 01:17:42.000

Mike Wacek: Am okay.

661

01:17:43.140 --> 01:17:57.120

Ken Berkson: 30 to four twofold it wouldn't be that would be the wave the interest and the actuarial equivalent to because you won't be doing extra equivalent with zero percent interest you'll just be waving everything and just having him paid back the money.

662

01:17:58.200 --> 01:18:13.830

Ken Berkson: That would probably be the motion is to he just pays back to \$18,000 over the amount of time that the monthly reduction has been and that's it no interest no actuarial expectancy just pay it back.

663

01:18:14.670 --> 01:18:17.850

Peter Mynarski: In can did you just say that he's not he's refusing to pay it back.

664

01:18:18.780 --> 01:18:33.540

Ken Berkson: Well, no he's paying it back just when he came in the office he did expresses concerns that he you know actually feels that you know he's he questions why even has to pay back because it wasn't his mistake but I explained to him that he received money he was the title of the.

665

01:18:34.530 --> 01:18:40.200

Peter Mynarski: What was through the Chair to Mike wasted, what would you position again as far as this.

666

01:18:40.920 --> 01:19:01.230

Mike Wacek: My my position is that we made the adjustment and his benefit in an actuarial the fairway at the time, and we could we be alternative that Amina is suggesting is one that I think the Board should have considered at that time not now.

667

01:19:02.340 --> 01:19:08.970

Mike Wacek: We could have asked just study just not that his pension be adjusted, but that he pay it pay 18,000 back over time.

668

01:19:10.260 --> 01:19:19.500

Mike Wacek: So, but I believe that we've made an actuary fair adjustment to his pension and that it would be we'd be doing him a favor.

669

01:19:20.070 --> 01:19:32.760

Mike Wacek: If we if we effectively retroactively changed the approach and had to pay back 18,000 and it would be a really big favor to do it without interest, so I just don't think we should.

670

01:19:34.590 --> 01:19:35.010

Peter Mynarski: All right.

671

01:19:36.030 --> 01:19:42.300

Peter Mynarski: Can you come back to me, I want to hear from Kevin and Andrew okay i'm on the fence right now I could hear.

672

01:19:42.510 --> 01:19:46.170

Joe Pellegrino: From Kevin and Andrew and Kevin Andrew who wants to go first.

673

01:19:46.260 --> 01:19:46.980

Andrew Greco: i'll go.

674

01:19:47.280 --> 01:19:47.580

Okay.

675

01:19:49.500 --> 01:19:55.140

Andrew Greco: I don't think he should have to pay interest back on this, I mean probably his pension is not a lot of money.

676

01:19:55.770 --> 01:20:07.470

Andrew Greco: \$18,000 is or the interest on 18,000 is a drop in the bucket considering, you know how large the fund is, we have to have some compassion here, you know we're not robots the whole point of a board.

677

01:20:07.920 --> 01:20:17.040

Andrew Greco: is to to hear people out and have humility now sometimes that's not positive he's clearly should pay the money back we're not gifting him anything.

678

01:20:18.870 --> 01:20:25.350

Andrew Greco: Why the board didn't consider that in 2012 maybe they didn't think that was an option, based on the Charter and there's a different interpretation now.

679

01:20:26.520 --> 01:20:34.680

Andrew Greco: But it's not going to hurt the fund, and I think that we have a duty to the Members, you know, to have a heart, sometimes okay.

680

01:20:35.130 --> 01:20:36.930

Joe Pellegrino: Kevin corner, where you come out on this.

681

01:20:37.140 --> 01:20:41.760

Kevin Coyner: yeah I know I am in basic agreement with Andrew a new job as well that.

682

01:20:42.870 --> 01:20:49.260

Kevin Coyner: I you know in 2012 I don't remember discussing this and I don't remember voting on it, but i'm sure we did.

683

01:20:51.000 --> 01:21:07.320

Kevin Coyner: And you know the board does make mistakes from time to time or it's not beyond us to to make mistakes, so I as a Jay what I think is important to think about here is, if we have situations like this again, how will we approach it.

684

01:21:08.490 --> 01:21:21.000

Kevin Coyner: And to manner and how we answer that question is how I think we should treat this one, and that would either be calling that 2012 decision, a mistake, or would say, you know that basically.

685

01:21:21.600 --> 01:21:33.540

Kevin Coyner: We thought that that was sound and that that's what we would apply going forward if we find similar mistakes, so my view on this is if we found a similar mistake pop up tomorrow and.

686

01:21:34.500 --> 01:21:40.620

Kevin Coyner: You know, a year later it's discovered and we want to recoup the money that we're that we overpaid somebody.

687

01:21:41.400 --> 01:21:48.810

Kevin Coyner: That we should try to figure out how we get that money back a payment schedule or a one time payment or whatever we could probably work with that person.

688

01:21:49.440 --> 01:21:59.820

Kevin Coyner: But I because it was the town's mistake, I do not think that we should be charging them interest, so I think that if, with that in line.

689

01:22:00.240 --> 01:22:10.440

Kevin Coyner: With that in mind, I think that means that probably back in 2012 we should have concerted this more thoroughly, we probably made a mistake and I would like to be able to see that this person not have to pay more.

690

01:22:11.250 --> 01:22:16.650

Kevin Coyner: In the end, then was actually given to them by the town by the town's mistake so.

691

01:22:17.340 --> 01:22:18.750

Joe Pellegrino: Peter comes back to you now.

692

01:22:19.170 --> 01:22:24.270

Peter Mynarski: That you've got three votes of elements important Andrew and Kevin's position.

693

01:22:24.600 --> 01:22:35.640

Joe Pellegrino: Right now, I just want to make one comment caveat, I don't want to belabor this Kevin and, of course, Andrew I agree with your positions, but the only thing I'd say is, I do believe.

694

01:22:36.210 --> 01:22:46.650

Joe Pellegrino: That the sometimes you do have to have the almost the ad hoc understanding of each situation I just don't think you can make a blanket decision because.

695

01:22:47.460 --> 01:22:54.660

Joe Pellegrino: I'm not certain that the board, I agree with Mike wasted on this I don't think the board, made a mistake, back then, they were within their rights to do it.

696

01:22:55.050 --> 01:23:09.270

Joe Pellegrino: What is really happening is we're looking at this person's life as its unfolding and what's going on and having consulted with town council, we have the optionality now to.

697

01:23:10.170 --> 01:23:24.630

Joe Pellegrino: To address it in a different way, so the ad hoc situation is what it is I'm not a person that thinks that everything is cast in stone and it's only going to be one way going forward that's my only comment that's that enough.

698

01:23:25.200 --> 01:23:30.240

Joe Pellegrino: Discussion do I have a motion married happening, yes, Mary Pepe please head of hr.

699

01:23:30.660 --> 01:23:40.650

Mary Pepe: I just wanted to point something out and I don't disagree with with what Kevin is saying, but we frequently run into situations where.

700

01:23:41.220 --> 01:23:51.900

Mary Pepe: up through an error, people are paid their regular pay incorrectly if they're shorted we hear about it immediately if they're overpaid somehow We never hear about it for months.

701

01:23:52.500 --> 01:24:07.710

Mary Pepe: On but it doesn't hurt to just and it may sound petty but to get something on the record, or that sort of officially as people get their pensions to put some stated that says people receive payments have.

702

01:24:09.000 --> 01:24:25.260

Mary Pepe: Sorry do have an obligate do have an obligation to to ensure their accuracy there isn't a bird there isn't a responsibility on the part of the person who is receiving the payment to.

703

01:24:25.710 --> 01:24:39.720

Mary Pepe: also kept and ensure the accuracy um because it's I think everybody knows when people are underpaid, we hear about it right away, so you know it doesn't hurt to have something on the record, I don't disagree with the solution that everybody's proposing.

704

01:24:40.200 --> 01:24:47.310

Mary Pepe: Right now, but I, you know that's just an observation that having that kind of statement is is is kind of important.

705

01:24:47.700 --> 01:24:53.160

Joe Pellegrino: All right, we got three people with our hands up, we got Peter I have Kevin and then I have Mike.

706

01:24:53.580 --> 01:25:03.150

Peter Mynarski: i'll be quick i'll be quick through the Chair to marry pepe this the town having an official policy on people being overpaid active employees as far as interest.

707

01:25:06.060 --> 01:25:06.990

Peter Mynarski: Maybe she didn't hear me.

708

01:25:07.080 --> 01:25:08.100

Mary Pepe: Sorry, no, I heard you.

709

01:25:09.570 --> 01:25:23.310

Mary Pepe: We don't have official policy but I mean bit, but technically P, we, we have a right to recoup money that we have had that people been overpaid under fs la we have an obligation to pay people appropriately if.

710

01:25:23.820 --> 01:25:37.020

Mary Pepe: If we make it's the it's the person is overpaid because of an error on our part, we typically will work with that, to put back and appropriate payback plan, but we do.

711

01:25:37.350 --> 01:25:47.400

Mary Pepe: Interest, we do have a right to recoup money that we have overpaid there isn't anything that gives the employee, the right to keep money because we made a mistake and overpaid them.

712

01:25:47.790 --> 01:26:02.520

Joe Pellegrino: To to ask him a question, though, Mary is is the town have a policy on not only recovering what was overpaid but also charging the employee interest on those overpaid.

713

01:26:02.910 --> 01:26:05.040

Mary Pepe: We don't have a policy right.

714

01:26:05.640 --> 01:26:11.190

Peter Mynarski: Then the question is, do have we ever collected interest or attempted to.

715

01:26:11.490 --> 01:26:16.470

Joe Pellegrino: Technically speaking we've obviously collected interest from this guy up until this point in time yeah.

716

01:26:17.010 --> 01:26:20.220

Kevin Coyner: But it was basically implicit in the actual adjustment right.

717

01:26:20.610 --> 01:26:34.230

Kevin Coyner: Correct and if we, I mean I think that's probably what happened in 2012 was that the guy was going to have to write a check for 18,000 on the spot, or we offered him the ability to just adjust just pension and that's what.

718

01:26:34.920 --> 01:26:35.760

Joe Pellegrino: that's what we did.

719

01:26:36.570 --> 01:26:40.380

Kevin Coyner: not make sense, but I don't think we should be charging your mentors okay.

720

01:26:40.980 --> 01:26:42.540

Joe Pellegrino: Mike Lisa can you guys hear me.

721

01:26:43.530 --> 01:26:49.890

Mike Wacek: Yes, I can, what is the amount of the monthly adjustment related to this actually equivalent.

722

01:26:52.200 --> 01:26:57.300

Ken Berkson: I don't have the exact amount, but I believe it's somewhere around \$250 a month.

723

01:26:58.560 --> 01:26:58.710

yeah.

724

01:27:00.240 --> 01:27:01.650

Mike Wacek: I mean I yes.

725

01:27:01.710 --> 01:27:07.680

Ken Berkson: he's getting paid I think his pension also is around 2100 after that reduction.

726

01:27:09.090 --> 01:27:23.640

Mike Wacek: yeah yeah so anyway, the I think the discussion about we're charging and the interest is is kind of a red herring it's we we just made the adjustment through the pension calculation.

727

01:27:24.960 --> 01:27:25.470

Mike Wacek: and

728

01:27:26.760 --> 01:27:27.090

Mike Wacek: But.

729

01:27:28.140 --> 01:27:42.990

Mike Wacek: I worry that we're we're potentially setting a precedent here that we're we're we're we're when we need to adjust pensions and future we're going to say how we won't do the actuarial equivalent, which is the most straightforward way of doing this.

730

01:27:44.160 --> 01:27:46.350

Mike Wacek: But if it's the will of the board, so be it.

731

01:27:47.640 --> 01:28:00.870

Joe Pellegrino: I want to make it very clear I look at this as a one off, and this is not i'm not looking at this as a policy i'm just looking at the facts on the situation and that's how i'm how on voting and why i'm going this way.

732

01:28:01.410 --> 01:28:11.340

Joe Pellegrino: Now i'm gonna are you still with us thank you um do we do we need a motion here or can we just leave it as the consensus of a discussion.

733

01:28:12.510 --> 01:28:13.260

Joe Pellegrino: You tell me.

734

01:28:13.470 --> 01:28:14.610

Mike Wacek: I think we should have them.

735

01:28:15.360 --> 01:28:21.630

Aamina Ahmad: Okay, yes, I had a vote last time on this, so I guess you're changing uptake of them.

736

01:28:22.110 --> 01:28:25.260

Joe Pellegrino: are so am I allowed to make emotion.

737

01:28:27.750 --> 01:28:28.770

Kevin Coyner: emotion, if you want sure.

738

01:28:28.950 --> 01:28:30.090

Joe Pellegrino: Please Kevin Thank you.

739

01:28:30.480 --> 01:28:33.630

Kevin Coyner: So i'll move that there'd be an adjustment made this individuals.

740

01:28:34.920 --> 01:28:40.860

Kevin Coyner: I guess pension calculation national pension calculation, such that the interest component is removed from it.

741

01:28:41.280 --> 01:28:43.260

Joe Pellegrino: Okay well you don't have a sock.

742

01:28:43.890 --> 01:28:46.560

Mike Wacek: I don't think that's the white right way to frame it I don't think.

743

01:28:46.560 --> 01:28:55.620

Mike Wacek: it's accurate enough that that we stop the adjustment after the urge the amount of the original error is reached.

744

01:28:55.800 --> 01:29:01.740

Joe Pellegrino: Something we're going to recover the full \$18,000 and then and then there's no more.

745

01:29:01.860 --> 01:29:02.130

yeah.

746

01:29:03.150 --> 01:29:06.930

Mike Wacek: yeah I don't I don't refer to interest in this, because I think that's just confusing.

747

01:29:07.200 --> 01:29:15.840

Kevin Coyner: All right, Okay, so that the payments that this guy is a paid his monthly payments have been adjusted such that, once the original.

748

01:29:17.100 --> 01:29:19.620

Kevin Coyner: shortfall has been recovered and they can seize.

749

01:29:19.770 --> 01:29:20.460

Kevin Coyner: And you go back to.

750

01:29:20.520 --> 01:29:22.230

Joe Pellegrino: Regular we have a second.

751

01:29:22.800 --> 01:29:25.380

Joe Pellegrino: Second okay all in favor Aye.

752

01:29:25.440 --> 01:29:26.340

Peter Mynarski: Aye Aye.

753

01:29:27.330 --> 01:29:28.470

Joe Pellegrino: mikey going to go along with it.

754

01:29:28.770 --> 01:29:30.540

Joe Pellegrino: No okay so.

755

01:29:31.680 --> 01:29:32.280

Joe Pellegrino: 41.

756

01:29:32.820 --> 01:29:39.690

Kevin Coyner: I mean joke before we move on just real quickly and this kind of relates to administrators report at the bottom there point ah.

757

01:29:41.130 --> 01:29:47.190

Kevin Coyner: And we don't have to discuss this now i'd like to do more homework myself on it, but just to kind of keep the issue alive.

758

01:29:47.880 --> 01:29:57.990

Kevin Coyner: Sometimes we have Members, and I think the police do as well that the monthly contributions that should be withheld from our pensions.

759

01:29:58.620 --> 01:30:08.460

Kevin Coyner: are not enough, such that there is a deficit and our individual pension accounts for the employee Ryan so.

760

01:30:09.330 --> 01:30:16.260

Kevin Coyner: Essentially, that that can't be the way it's been addressed in the past is that you cannot satisfy that balance.

761

01:30:17.010 --> 01:30:26.010

Kevin Coyner: You can anytime during your career, you have to wait until you retire, and then the money can be in can correct me if i'm wrong here, but then the money can be taken out of your.

762

01:30:26.760 --> 01:30:40.200

Kevin Coyner: 401k to address that balance so I don't want to go into it now, but this, we do need to probably sit down and think about when we do have errors or the town has errors and doesn't hold enough or over based too much.

763

01:30:40.920 --> 01:30:48.360

Kevin Coyner: How we can address them and and like on this one ah, right now, I am concerned about it because we have in the last year had a couple guys.

764

01:30:48.840 --> 01:31:00.690

Kevin Coyner: At least one for sure who just wanted to write a check and say here, I want to cover the shortfall and they're not allowed to so it's something I want to bring up another meeting after doing a little more research.

765

01:31:00.960 --> 01:31:05.400

Joe Pellegrino: Okay, fine i'll be happy to put that on the agenda when you're ready for that discussion.

766

01:31:06.570 --> 01:31:17.160

Joe Pellegrino: Okay, all right that takes us through the administrators report now we're on approval of retirements and.

767

01:31:19.470 --> 01:31:29.490

Joe Pellegrino: I think the page i'm looking at is we got john Novak Gertrude Thomas and David warning is that the right page can.

768

01:31:30.900 --> 01:31:31.170

Ken Berkson: work.

769

01:31:31.260 --> 01:31:34.860

Ken Berkson: that's too long, you want to do, been one first okay how's it up.

770

01:31:35.190 --> 01:31:36.870

Joe Pellegrino: Okay, so then i'm knowing.

771

01:31:37.050 --> 01:31:38.730

Ken Berkson: That Michel Cooper.

772

01:31:42.570 --> 01:31:46.920

Joe Pellegrino: got okay Mitchell great handguns here.

773

01:31:49.290 --> 01:32:02.670

Joe Pellegrino: lender neil's Nielsen Murray, Simon more of a steward and Williams dodwell okay ah any discussion on this anything our observations everyone's comfortable with the numbers.

774

01:32:05.550 --> 01:32:07.170

Joe Pellegrino: Yes, okay.

775

01:32:07.530 --> 01:32:08.430

Kevin Coyner: Do we have a loan to.

776

01:32:08.490 --> 01:32:10.650

Kevin Coyner: be approved the January 1 retirements.

777

01:32:10.740 --> 01:32:11.490

Peter Mynarski: Thank you so good.

778

01:32:12.120 --> 01:32:14.400

Joe Pellegrino: Thank you pete all in favor Aye.

779

01:32:14.460 --> 01:32:17.340

Joe Pellegrino: Aye okay Let me close that out.

780

01:32:19.740 --> 01:32:36.420

Joe Pellegrino: tab okay that now brings us to the other one which is the two 121 Those are three fire teams to lie, you have any discussion here everyone's comfortable with the numbers.

781

01:32:38.190 --> 01:32:38.940

Joe Pellegrino: Hearing none.

782

01:32:39.000 --> 01:32:40.380

Kevin Coyner: Most every first.

783

01:32:40.800 --> 01:32:42.120

Joe Pellegrino: Post hey Thank you Kevin.

784

01:32:43.500 --> 01:32:44.250

Joe Pellegrino: pizza second.

785

01:32:44.490 --> 01:32:45.000

Peter Mynarski: check it.

786

01:32:45.210 --> 01:32:46.800

Joe Pellegrino: I do all in favor Aye.

787

01:32:46.860 --> 01:32:49.650

Joe Pellegrino: Aye Aye okay they're retired.

788

01:32:51.180 --> 01:32:54.990

Joe Pellegrino: Okay, that brings us now to.

789

01:32:56.730 --> 01:32:59.550

Joe Pellegrino: Leave it takes us to the payments to be approved.

790

01:33:00.570 --> 01:33:01.530

Joe Pellegrino: Correct 10.

791

01:33:02.850 --> 01:33:04.620

Joe Pellegrino: we've got the December payroll.

792

01:33:06.180 --> 01:33:09.240

Joe Pellegrino: Okay, we got a refund here.

793

01:33:10.320 --> 01:33:13.110

Joe Pellegrino: plan services board election mailing.

794

01:33:14.160 --> 01:33:21.780

Joe Pellegrino: storage and retrieval and December payroll okay any comments on the payments to be approved.

795

01:33:24.420 --> 01:33:27.840

Joe Pellegrino: Okay, not hearing anything motion.

796

01:33:28.350 --> 01:33:29.670

Kevin Coyner: or movie approved the payments.

797

01:33:29.850 --> 01:33:30.360

Joe Pellegrino: Thank you.

798

01:33:30.690 --> 01:33:33.480

Joe Pellegrino: Second, all in favor Aye.

799

01:33:33.600 --> 01:33:36.750

Joe Pellegrino: Aye by unanimous okay.

800

01:33:38.820 --> 01:33:39.690

Joe Pellegrino: what's next.

801

01:33:41.670 --> 01:33:50.070

Joe Pellegrino: I think we don't vote on this, I think i'm just looking at the payment reconciliation, so we had two deaths.

802

01:33:52.200 --> 01:33:55.650

Joe Pellegrino: And we had a change retro payment.

803

01:33:56.970 --> 01:34:05.250

Joe Pellegrino: Okay retirements okay everything balances Okay, I think we just look at that done.

804

01:34:06.630 --> 01:34:07.380

Joe Pellegrino: All right.

805

01:34:07.530 --> 01:34:11.310

Kevin Coyner: hey excuse me, Joe what's the workers COMP offsets.

806

01:34:12.960 --> 01:34:24.870

Ken Berkson: um there were two police officers who receive work is campaign that's that little retirement, so the benefits of setting because they were not police only.

807

01:34:26.460 --> 01:34:32.250

Ken Berkson: doesn't allow offset if they're excellent for disability, which they were not so the benefits offset.

808

01:34:35.130 --> 01:34:37.200

Kevin Coyner: Is that a one time offseason.

809

01:34:37.320 --> 01:34:51.120

Ken Berkson: yeah well it's until they stop receiving workers COMP, but I believe both these these two people they both one was a one time payment the other one ends in December so that should be for these two.

810

01:34:51.750 --> 01:34:56.370

Kevin Coyner: So, for the second guide and it from now until December will probably see an offset for him.

811

01:34:57.270 --> 01:34:58.380

Ken Berkson: Well, this is December.

812

01:34:59.850 --> 01:35:03.990

Ken Berkson: Oh yeah that's what yeah, so I think it's over as of this for both of them okay.

813

01:35:05.040 --> 01:35:08.940

Joe Pellegrino: All right, I think that brings us to the end of our.

814

01:35:09.330 --> 01:35:14.400

Peter Mynarski: Mr Chairman, yes I apologize, can we go back to the December payments, we just.

815

01:35:15.480 --> 01:35:16.080

Peter Mynarski: ordered on.

816

01:35:16.560 --> 01:35:16.950

sure.

817

01:35:18.270 --> 01:35:27.570

Peter Mynarski: It in Mary pepe might be able to help you on this to to can test Danny I just he's not vested.

818

01:35:28.620 --> 01:35:37.530

Peter Mynarski: don't we have a forfeiture account and if you're not vested you forfeiture it's a question I don't know the answer but.

819

01:35:38.580 --> 01:35:46.050

Peter Mynarski: don't we have a four foot your account where people that leave before they're invested give up their contributions.

820

01:35:46.110 --> 01:35:48.180

Andrew Greco: They get their contribution back, though.

821

01:35:48.870 --> 01:35:49.830

Ken Berkson: yeah that's there.

822

01:35:50.070 --> 01:35:50.520

Peter Mynarski: Is this.

823

01:35:50.580 --> 01:35:52.140

Andrew Greco: A policeman yes.

824

01:35:52.200 --> 01:35:54.930

Peter Mynarski: Yes, oh OK so it's is it different.

825

01:35:55.950 --> 01:35:57.570

Peter Mynarski: Andrew for each Union.

826

01:35:58.770 --> 01:36:08.370

Andrew Greco: i'm not familiar with the other unions, but if you're not vested whatever contribution that particular employee made he gets that money back.

827

01:36:08.610 --> 01:36:10.020

Peter Mynarski: or he answered my question.

828

01:36:10.380 --> 01:36:11.970

Kevin Coyner: same for firefighters as well.

829

01:36:12.090 --> 01:36:16.800

Ken Berkson: Be it I believe you're thinking of the 401k plan when they get a match they okay.

830

01:36:18.120 --> 01:36:19.830

Peter Mynarski: What should the matches what forfeited.

831

01:36:20.040 --> 01:36:20.640

Okay yeah.

832

01:36:22.230 --> 01:36:23.370

Joe Pellegrino: wrong move Andrew.

833

01:36:25.710 --> 01:36:41.130

Joe Pellegrino: Okay um any other further discussion anything from our team Members, I think we just have Scott on today anything from the V TEAM members anything you also people want to discuss Miriam.

834

01:36:41.550 --> 01:36:48.960

Miriam Kreuzer: And this is just a little bit of a heads up to marry pepe if she's there, but also to let the board know the discussion on.

835

01:36:49.650 --> 01:36:58.800

Miriam Kreuzer: The 2012 instance of overpayment sort of caught my attention and the fact that we don't have an HR policy on what to do for active employees.

836

01:36:59.070 --> 01:37:07.710

Miriam Kreuzer: or in this case retirement employees should there be errors, you know either way so i'm just going to raise just a heads up i'm gonna raise that at the HR committee on the BT.

837

01:37:08.550 --> 01:37:16.020

Joe Pellegrino: Okay, what the intention, I take it that maybe this is something we should have a firm lot of firmly attendance policy on.

838

01:37:16.380 --> 01:37:26.280

Joe Pellegrino: Policy yep okay that's a fair comment there, Sir, all right, if I don't hear anything else, I want to thank everybody, it was a you know look an hour 37 minutes.

839

01:37:27.240 --> 01:37:43.290

Joe Pellegrino: i'm good discussion with neuberger appreciate the healthy discussion we had on on this ad hoc situation and hopefully we'll have a good year here and we're on our way so we'll see you come February, the 25th thanks everyone bye Scott.

840

01:37:43.320 --> 01:37:46.200

Ken Berkson: By the way, up to adjourn you have to return.

841

01:37:46.680 --> 01:37:47.940

Peter Mynarski: A motion to adjourn.

842

01:37:48.300 --> 01:37:49.260

Joe Pellegrino: Your second.

843

01:37:49.380 --> 01:37:53.100

Joe Pellegrino: Kevin says like it Mike is there, everybody wants to a jerk.

844

01:37:55.710 --> 01:37:56.850

Joe Pellegrino: All right, bye.

845

01:37:57.690 --> 01:37:57.990

bye bye.